

# **San Marcos Trends**

## **Chapter 3**

## **SAN MARCOS TRENDS INTRODUCTION**

In order to develop a plan for the growth and development of San Marcos, it is important to understand the trends that are affecting the future of the community. These trends influence the location, type, and rate of growth in the community. This section will describe:

- Population Trends
- Demographic Trends
- Economic Trends
- Construction Trends
- Utility Trends

The future of San Marcos is influenced not only by the events that occur locally, but also by the events that occur in more regional geographical areas. Therefore, local trends are discussed in the context of county, regional, state and national trends. These trends are outside forces that influence the growth of San Marcos. Since San Marcos is located between Austin and San Antonio, both metropolitan statistical areas (MSA) are included in the discussion.

## **SAN MARCOS TRENDS HIGHLIGHTS**

### **Population Trends**

- The City of San Marcos is located in the rapidly growing Austin-San Marcos Metropolitan Statistical Area.
- The City of San Marcos population has almost tripled in the past 40 years rising from 9,980 in 1950 to 28,743 in 1990.
- Southwest Texas State University students comprise nearly one third of San Marcos' population.
- The City of San Marcos is projected to more than double in population by the year 2020, reaching a population of approximately 70,000.

### **Demographic Trends**

- The large number of students at Southwest Texas State University gives San Marcos a large youthful component to its population. The median age in San Marcos is 22.7 years.
- The ethnicity of San Marcos is changing. Between 1980 and 1990, Anglos, the largest ethnic group, decreased 2% to comprise 57% of the population. Hispanics accounted for 37% of the population, up slightly from 1980.
- The average household size in San Marcos decreased from 2.8 in 1980 to 2.4 persons per household in 1990.
- Renter occupied units comprised 62% of the total housing units in 1990, up from 50% in 1980.
- In San Marcos, the median household income declined from \$18,000 in 1979 to \$14,800 in 1989. During the same period, poverty levels increased from 18% to 22%.

**Economic Trends**

- The unemployment rate in San Marcos is lower than in the state of Texas but higher than the Austin-San Marcos MSA. The San Marcos average unemployment rate in 1994 was 5.0%.
- Reported taxable sales have more than doubled over the past decade, reaching \$651 million in 1993. The opening of the San Marcos Factory Shops and the Tanger Factory Outlet Center in the early 1990's accounted for a large portion of this increase.
- Employment in San Marcos is projected to remain strong throughout the remainder of the decade, as expanding retail, manufacturing, and tourism industries provide a solid base for continued economic growth.

**Construction Trends**

- Residential construction in San Marcos was robust during the early and mid 1980's. However, construction activity slowed during the late 1980's and early 1990's, mirroring the statewide economic recession.
- In 1993, residential construction activity began to rebound as the single family market fueled this upward trend. No multifamily or two-four family projects built between 1988 and 1994.
- Nonresidential construction in San Marcos has been active over the past decade. Nonresidential activity reached a all-time high of \$19 million in 1993. Commercial and public projects were the main contributors to the activity.

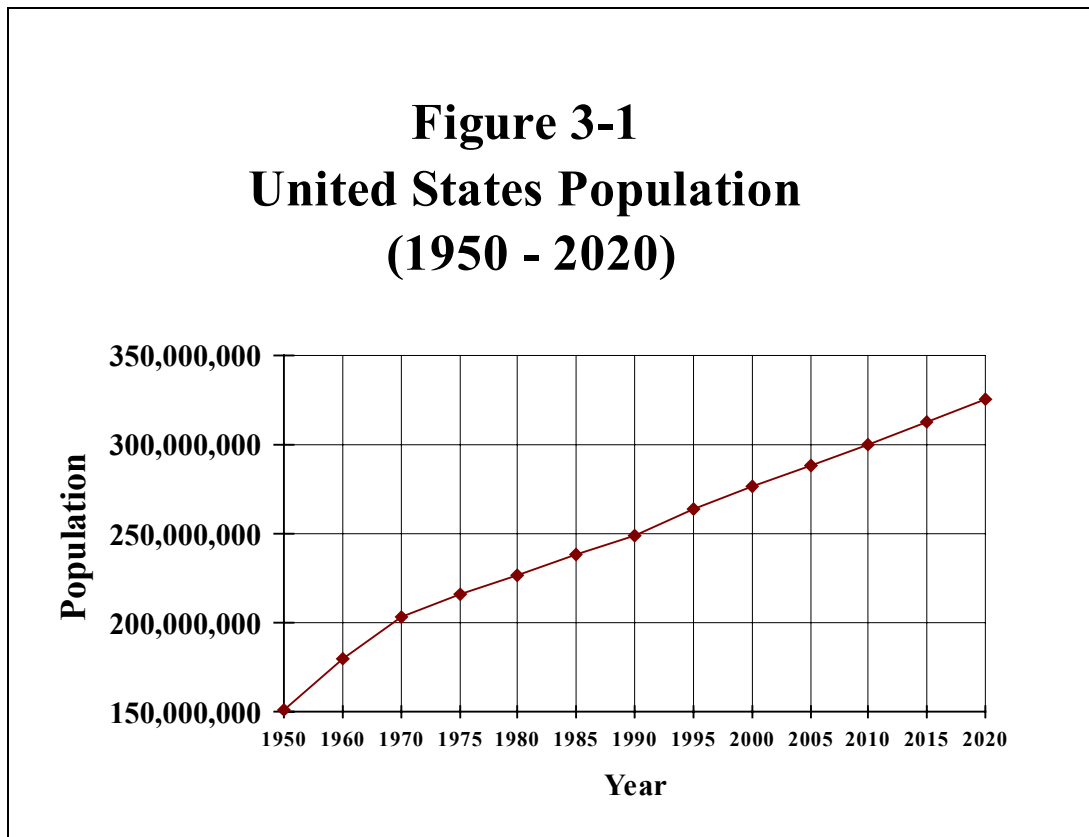
**Utility Trends**

- The number of water, wastewater, electric, gas, and telephone connections have continually increased over the past decade. All connections reached all-time highs in 1994. Telephone connections represented the largest increase. The number of connections rose from 13,753 in 1981 to 25,076 in 1994, an 82% increase.

## POPULATION TRENDS

### United States Population Trends

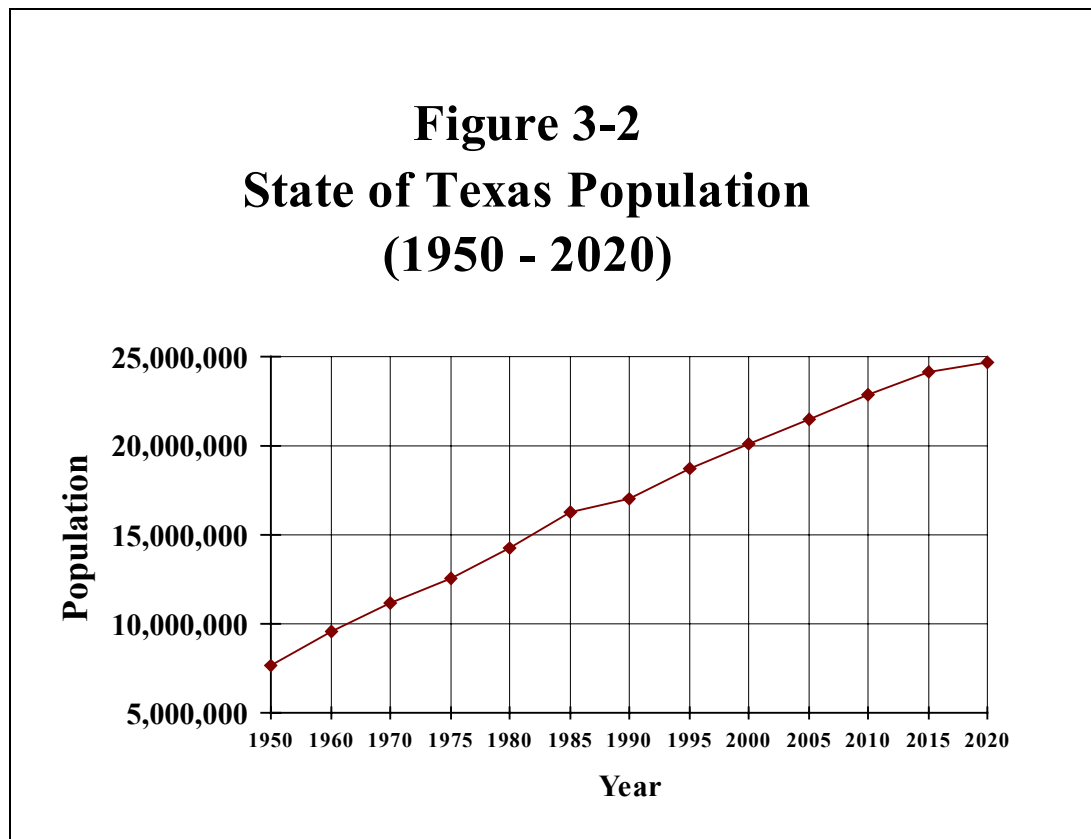
Between 1950 and 1990, the United States (U.S.) population grew from 151,325,798 to 248,709,873. This represented an increase of 97,384,075 persons during the 40 year period, or an average annual growth rate of 1.2%. By 2020, the population of the U.S. is projected to reach 326,000,000, an increase of 77,000,000 persons from 1990. This represents an average annual growth rate of 0.9% over the 30 year time period.



Sources: U.S. Bureau of the Census and Texas Comptroller of Public Accounts.

## State of Texas Population Trends

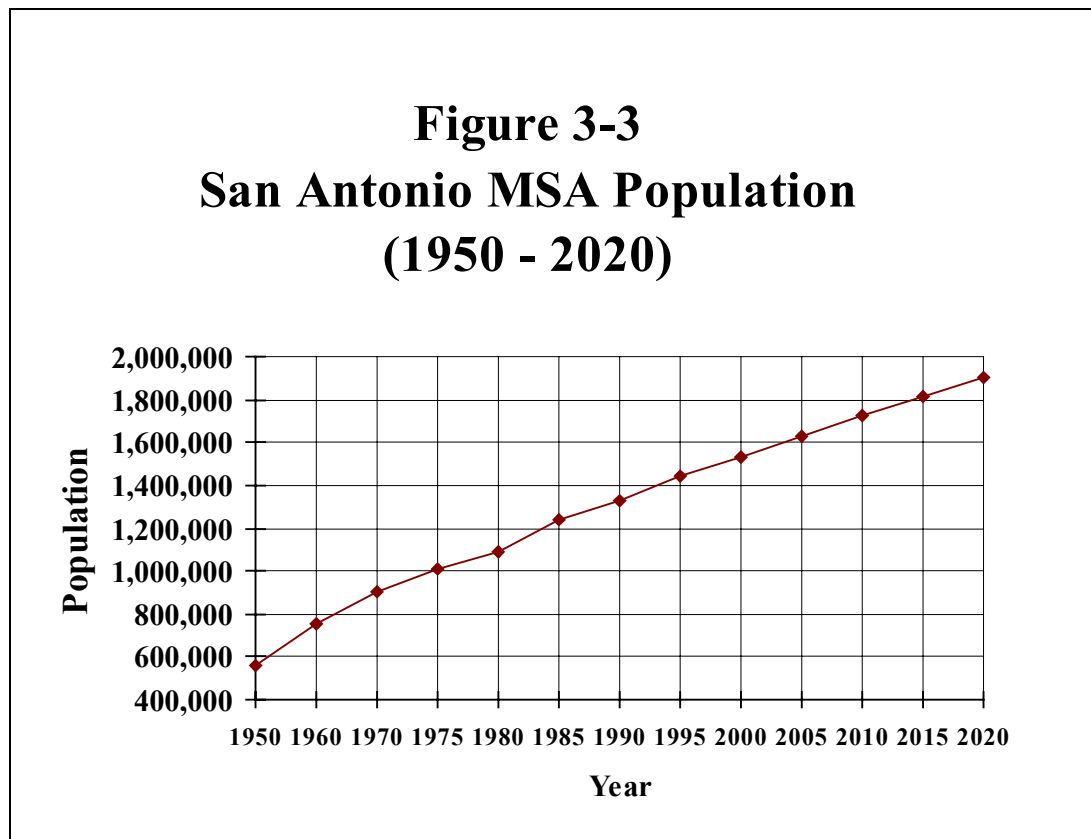
The state of Texas has experienced rapid growth throughout much of its history. The population increased from 7,711,194 in 1950 to 16,986,335 in 1990. This represents an average annual growth rate of 2.0%. In 1995, Texas surpassed New York as the second most populous state. Although the crisis in the oil industry and resulting economic recession slowed Texas's growth during the late 1980's, the economy has since diversified, and the population is projected to reach 24,600,000 by the year 2020. This represents an annual increase of 1.2%. Although growth rates are lower than in the past, Texas is expected to outpace the nation in the foreseeable future.



Sources: U.S. Bureau of the Census and Texas Comptroller of Public Accounts.

### San Antonio MSA Population Trends

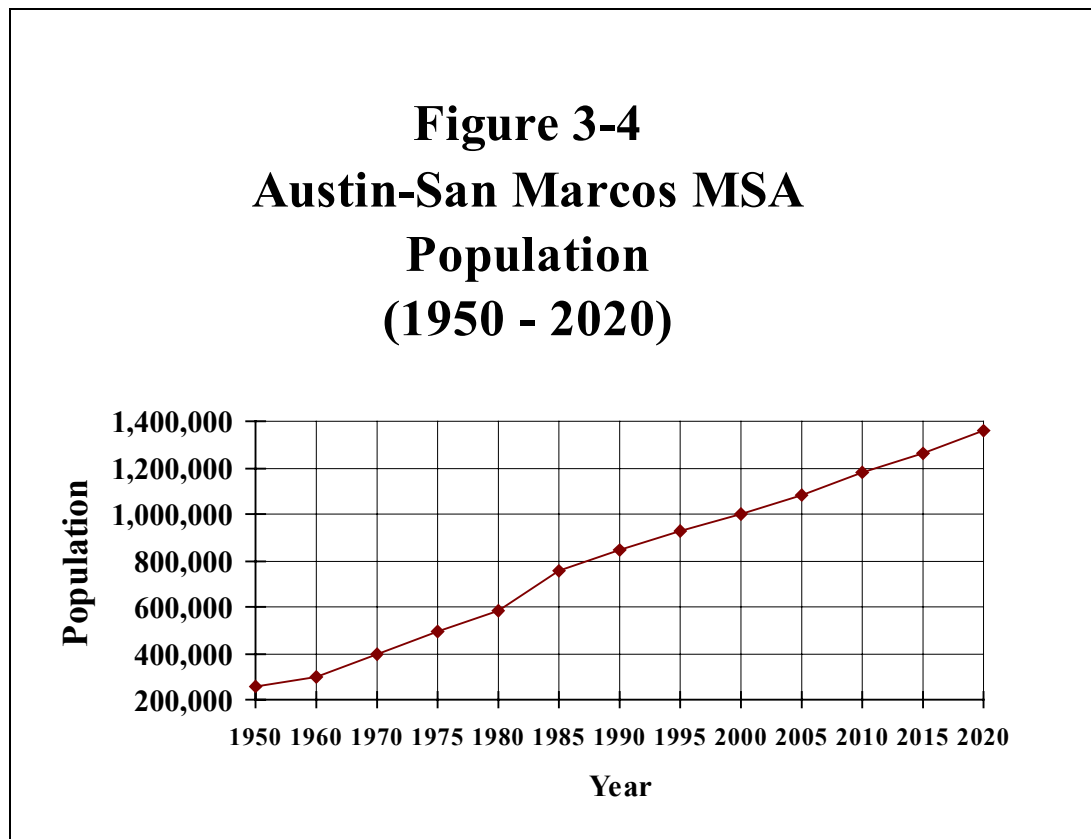
The San Antonio Metropolitan Statistical Area (MSA) grew from 556,881 to 1,324,749 between 1950 and 1990. This increase represented an average annual growth rate of 2.2%. High birth rates and migration to the area explain the additional 767,868 persons. This high growth rate is projected to stabilize, with an annual increase of 1.2% between 1990 and 2020. The MSA population in 2020 is projected to reach 1,900,000.



Sources: U.S. Bureau of the Census and Texas Comptroller of Public Accounts.

### Austin-San Marcos MSA Population Trends

The Austin-San Marcos MSA, grew from a 1950 population of 256,645 to 846,227 in 1990. This annual average growth rate of 3.0% was one of the highest in the country. While this phenomenal rate of growth isn't expected to continue, the Austin-San Marcos MSA will continue to experience rapid population growth. By 2020, the Austin-San Marcos MSA is projected to reach 1,360,000, an increase of 60%, over 1990.

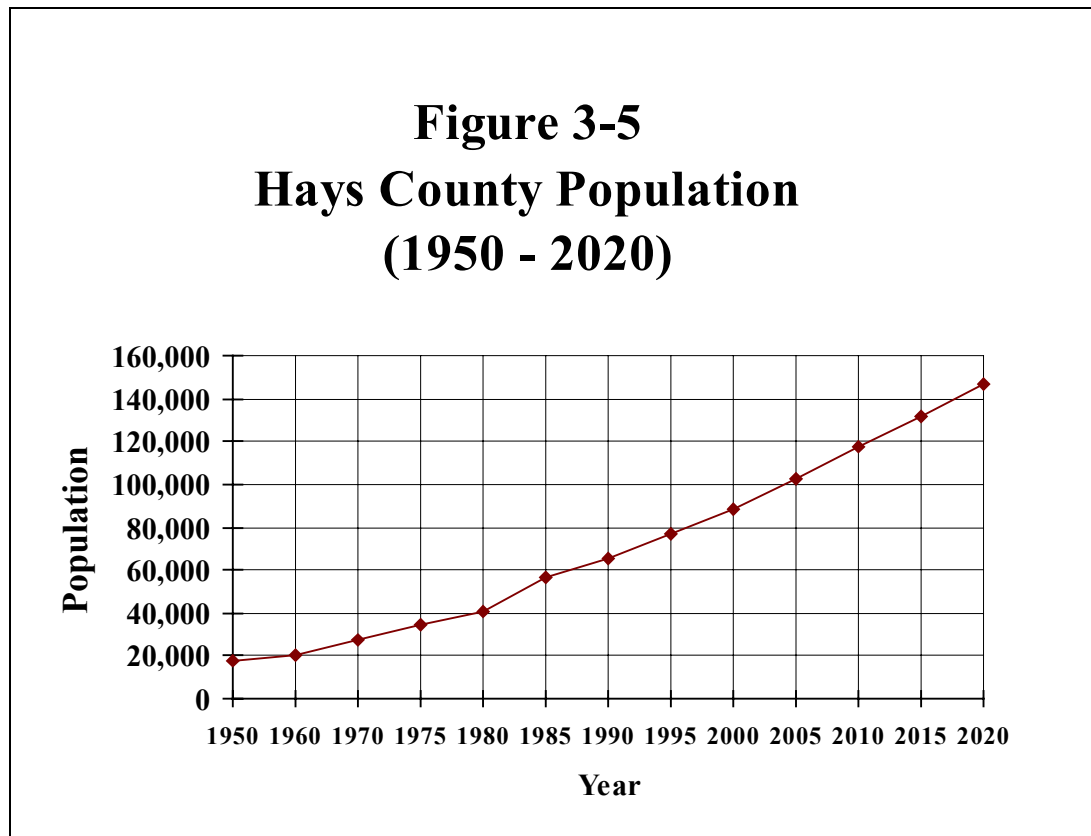


Sources: U.S. Bureau of the Census and Texas Comptroller of Public Accounts.



### Hays County Population Trends

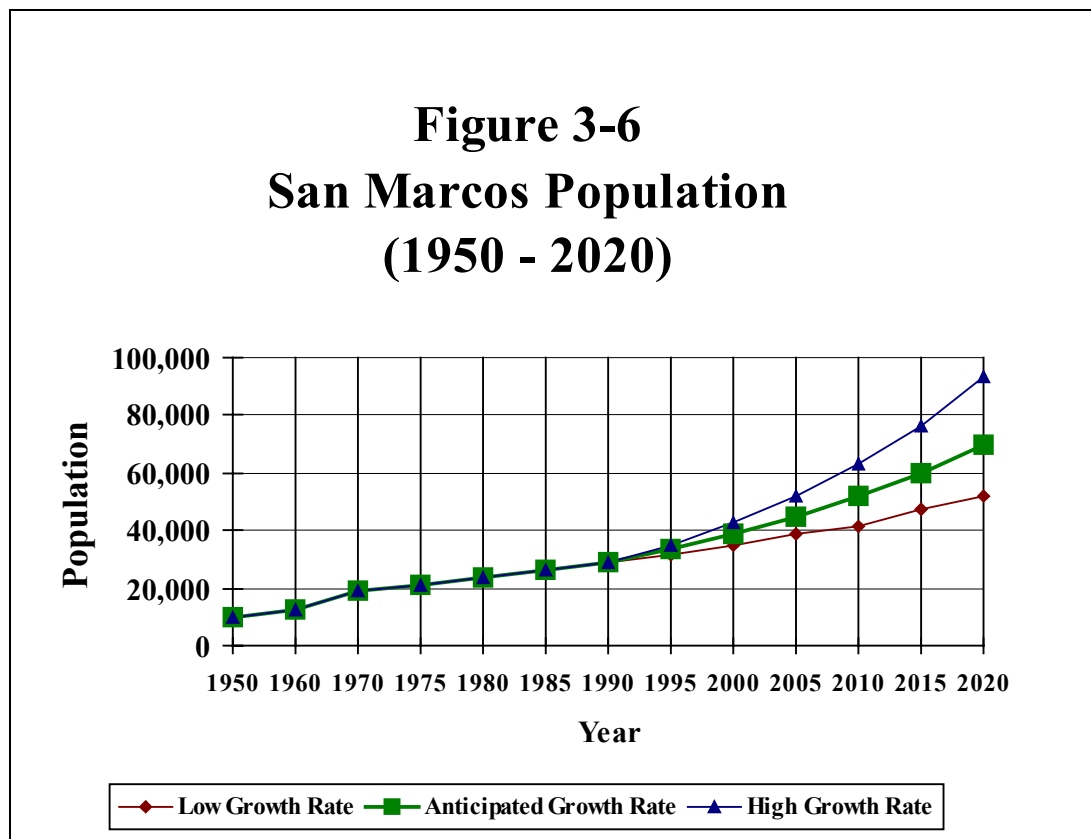
Hays County's population of 17,840 in 1950 grew to 65,614 by 1990, an increase of 268%. This increase represented an average annual growth rate of 3.3%. This large population increase is attributable to the strategic location between Austin and San Antonio and the large enrollment increases at Southwest Texas State University. The population of Hays County is projected to double by 2020, reaching 147,000, due to the increasing diversified economy, the effects of NAFTA, and the suburbanization of northern Hays County as Austin grows.



Sources: U.S. Bureau of the Census and Texas Comptroller of Public Accounts.

## San Marcos Population Trends

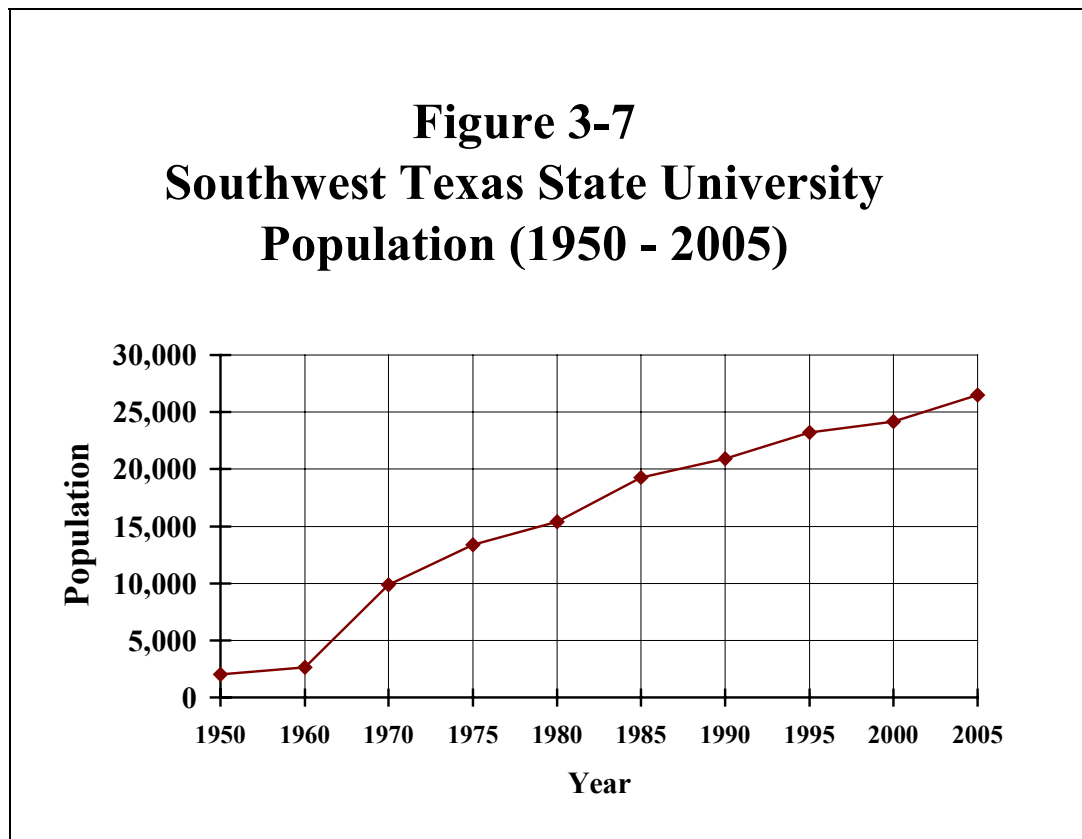
The population of San Marcos has steadily increased from 9,980 in 1950 to 28,743 in 1990. This near tripling of the population in 40 years represents an annual average growth rate of 2.7%. The city's rapid growth is due mainly to the large increases in enrollment at Southwest Texas State University during the period. SWT student population has stabilized around 21,000 and little or no growth is expected in the size of the student body during the next decade. In the future, the city is expected to take advantage of its diversifying economy and strategic location between Austin and San Antonio for continued growth. San Marcos is projected to more than double in population by the year 2020, reaching a population of 70,000.



Source: City of San Marcos Planning and Development Services Department.

### Southwest Texas Population Trends

Enrollment at Southwest Texas State University (SWT) increased at a slow, steady rate through the first half of the century. During the 1960's, enrollment levels increased dramatically. The number of students enrolled at the university increased from 2,013 in 1950 to 20,940 in 1990. This represents a phenomenal annual growth rate of 6%. SWT students comprise a significant proportion of San Marcos's population; 29%. The rate of enrollment is expected to slow as stricter admission standards are enforced. The anticipated enrollment at SWT in 2005 is 26,500. This represents a low annual growth rate of 1.6%.



Source: Texas Higher Education Board.

## DEMOGRAPHIC TRENDS

### Age Trends

The median age of Americans has been increasing in recent decades. As families are getting smaller, there are less children to offset the aging of the baby boomers. In addition, people are living longer today than in the past, as evidenced by the growing percentage of the population over the age of 65. Almost 13% of the population of the U.S. was 65 or over in 1990, up from 11% in 1980. As the baby boomers edge towards retirement, this percentage will continue to increase.

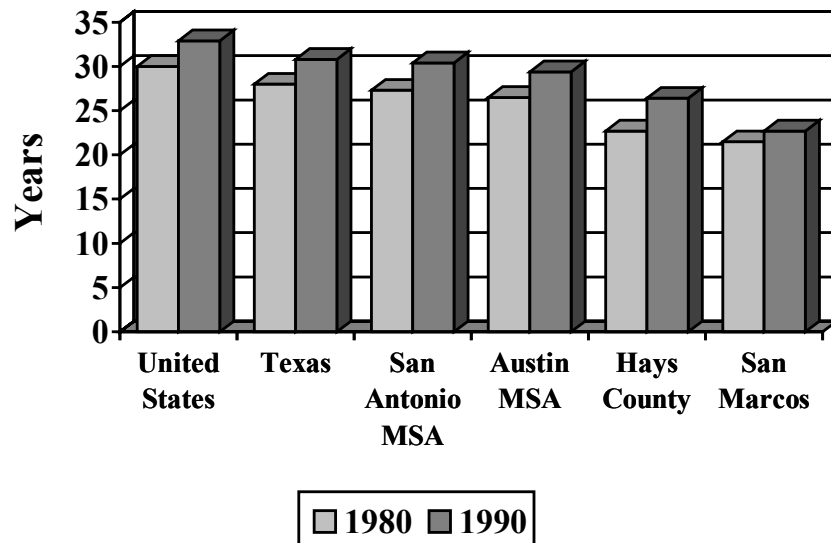
The median age of the United States was almost 33 years in 1990, up from 30 in 1980. In Texas, the median age grew from 28 years in 1980 to almost 31 years in 1990. The median age for the nation is higher than that of Texas because Texas has a greater share of minorities, who tend to have more children per family. Also, regions of the country growing rapidly in population, such as Texas, tend to be younger as economic opportunities attract young workers, who are often starting families.

The median age for the Austin-San Marcos MSA was 29.4 years in 1990. This reflects the predominance of many university students in the area as well as the growing economic opportunities associated with high tech manufacturing, which attracts many young professionals to the area.

Hays County, and San Marcos in particular, have very youthful populations due to the large number of SWT students. The 5 to 24 year age bracket comprised over half the San Marcos population in 1990. The median age of San Marcos increased from 21.5 to 22.7 between 1980 and 1990. The general aging of the Texas population as well as an increase

in the average age of SWT students accounts for this increase. The median age of Hays County increased more dramatically, from 22.7 to 26.4. Hays County has a higher median age than San Marcos because the youthful component of SWT students is partially offset by retirees attracted to the scenic Hill Country.

**Figure 3-8**  
**Population by Median Age**  
**(1980-1990)**



Source: U.S. Bureau of the Census.

**Ethnicity Trends**

San Marcos has experienced increased minority levels over the past decade, a trend which mirrors that of Texas and the nation as a whole. While Anglos continued to comprise the majority of the population in 1990, immigration to the U.S. by other ethnic groups as well as higher birth rates by minorities has led to greater percentages of minorities, especially in certain regions of the country.

Anglos comprised 75% of the population of the United States in 1990, down from 78% in 1980. While the actual number of Anglos increased from 1980 to 1990, their growth rate was slower than that of other ethnic groups.

African Americans are the largest minority group in the U.S., representing approximately 12% of the total population. Nationwide, the African American population has increased slightly over the last several decades. A higher birth rate among African Americans accounts for this slight increase.

Hispanics accounted for 9% of the U.S. population in 1990, an increase from 6% in 1980. Larger family sizes as well as continued immigration to the U.S. contributed to this increased population. Hispanics are primarily concentrated in Florida and the Southwest, including Texas.

The Other category has increased in percentages over the past decade. The Other category includes Native Americans, Pacific Islanders, and Asians. In most areas in the U.S., Asians comprise the majority of this category. Other ethnic groups increased from 2.4% of the population in 1980 to 3.6% in 1990. Native Americans are generally concentrated in the rural regions west of the Mississippi, while Asians are found in greatest numbers along the Pacific Coast, Hawaii, and in large metropolitan areas.

Anglos, although growing in overall numbers in Texas, are declining in proportion to the total state population. Although high rates of migration to Texas from other parts of the U.S. offsets a low birth rate, Anglos declined from 66% of the total population in 1980 to 61% in 1990, a trend which is expected to continue.

Texas has historically been closely associated with Mexico. The number of Hispanics living in the state has always been in greater proportions than in the overall U.S. Hispanics are the largest minority group in Texas, with one in four Texans claiming Hispanic ancestry in the 1990 census. In the 1980 census, only 21% of Texans indicated Hispanic heritage, showing a higher growth rate among this group than for the state as a whole.

The percentage of African Americans in Texas in recent decades has held fairly constant, between 11% and 12% of the total population. While the birth rate among African Americans remains above average, relatively few have moved to Texas from other parts of the country, keeping the growth rate even with that of the state as a whole.

The Other category is the fastest growing segment of Texas's population, although in 1990 it still accounted for only just over one in fifty people in the state. Very high birth and migration rates have caused these recent increases.

San Antonio has historically been a Hispanic dominated city. Its ties to colonial Spain and Mexico are evidenced by the numerous historical missions which can be found in the city. Throughout the latter half of the nineteenth century and the beginning of the twentieth, waves of Anglo immigrants reduced the proportion of Hispanics. However, this trend has been reversed in recent decades, and in the 1990 census, Hispanics were

once again the largest ethnic group in the metropolitan area, comprising over 47% of the population. Anglos dropped slightly from the 1980 census, down to 45%. The percentage of African Americans remained relatively constant at under 7%, while the Other ethnic group grew, but still accounted for only 1.5% of the total population.

The ethnicity breakdown in the Austin-San Marcos MSA resembles that of the state of Texas, with a slightly higher proportion of Anglos. Although only 90 miles north of San Antonio, the percentage of Hispanics is much lower, representing only 20% of the population in 1990. Anglos are by far the largest ethnic group in the metropolitan area, comprising about 68% of the total. African Americans comprised 9% of the population in 1990, which is a higher percentage than in San Antonio, but less than Texas or the U.S. As elsewhere, while the African American proportions remain relatively stable, Anglos are declining in percentages, and Hispanics and other ethnic groups are increasing their percentages. All major ethnic groups gained in overall population in Austin as the metropolitan area continues to grow rapidly.

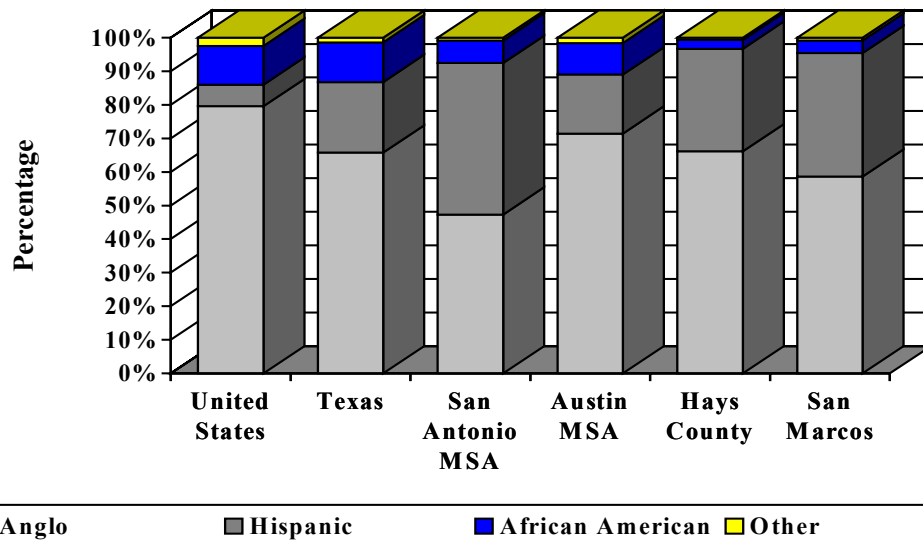
Hays County, as one of the counties in the Austin-San Marcos MSA, shares many of the region's demographic characteristics. In 1990, over 68% of the county was Anglo, an increase from 66% in 1980. Hispanics, although increasing in population, decreased in percentage of the total population from 30% in 1980 to 28% in 1990. Increases in the Hispanic population were offset by the large number of Anglos which moved to Hays County during the decade. African Americans increased slightly, but still only accounted for 3% of the county's residents in 1990.

The city of San Marcos has a higher concentration of minorities than Hays County. The ethnicity breakdown of the city is intermediate to that of the Austin and San Antonio metropolitan areas. San Marcos has a greater percentage of Anglos than San Antonio,

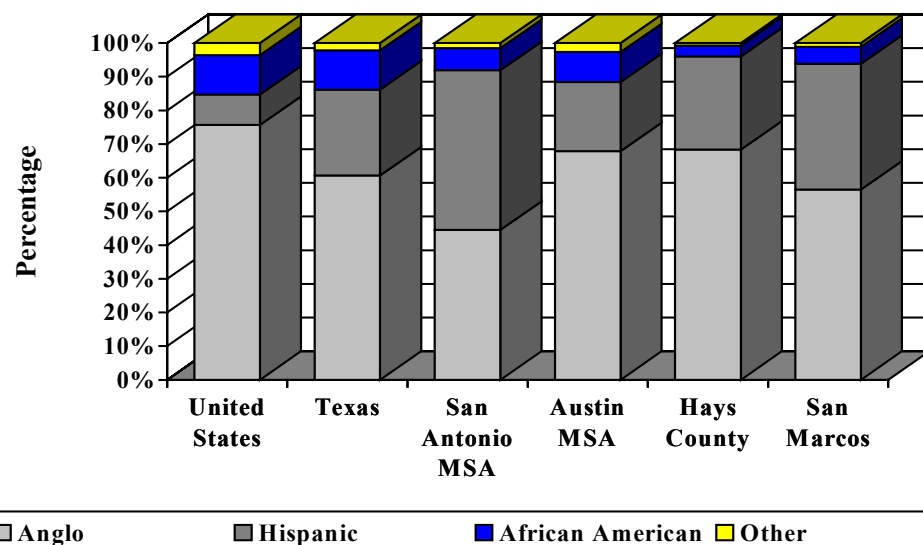


and a lower percentage than Austin. The percentage of Hispanics is lower than in San Antonio and higher than in Austin. Anglos, the largest ethnic group, comprised 57% of the population in 1990, down slightly from 59% in 1980. Hispanics accounted for 37% of the population, up slightly from 1980. The African American population remained fairly constant at 5%. Other ethnic groups grew faster than the population as a whole, although they comprised less than 2% of the total population in 1990. Rates of growth among the various ethnic groups in San Marcos resemble that of Texas and the U.S.

**Figure 3-9**  
**Population by Ethnicity**  
**(1980)**



**Figure 3-10**  
**Population by Ethnicity**  
**(1990)**



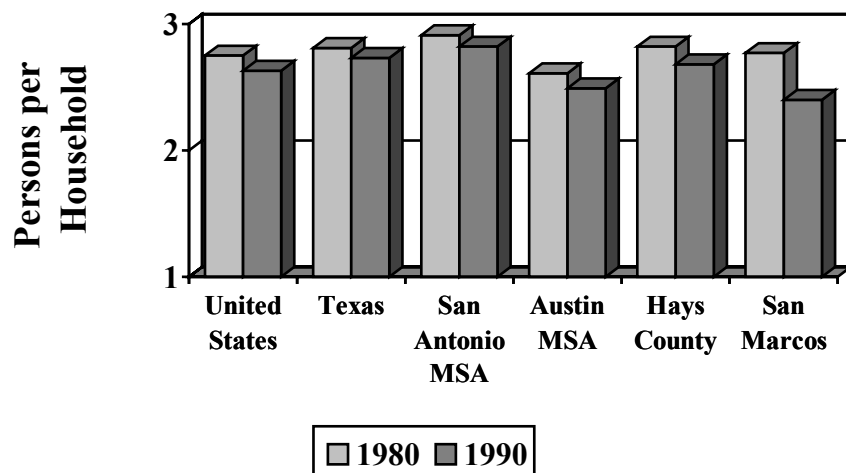
Source: U.S. Bureau of the Census.

## Household Characteristics Trends

Average household sizes in America have been decreasing over the past few decades as families are becoming smaller. Another factor in the decrease of average household sizes is the tendency for people to marry at an older age than in the past. This means more single people are living by themselves which decreases household sizes. In the United States, the median household size decreased from 2.75 in 1980 to 2.6 in 1990.

The average household size in San Marcos decreased from 1980 to 1990. The average household size in 1990 was 2.4, down from 2.8 in 1980. This decrease was larger than experienced in most areas and testifies to the large influx of students to San Marcos. The households which experienced the largest increases in 1990 were the one and two person households. The number of one person households doubled between 1980 and 1990.

**Figure 3-11**  
**Population by Average Household Size**  
**(1980-1990)**



Source: U.S. Bureau of the Census.

**Housing Trends**

There were over 100,000,000 housing units in the U.S. in 1990, an increase of approximately 14,000,000 from the previous decade. Of those housing units, nearly 58% were owner-occupied units. This was down slightly from 1980. Renter-occupied units accounted for 32% of the total housing units. Vacant units represented 10% of the total housing units in 1990, up slightly from 1980. A vacant unit is any dwelling not occupied at the time of the census, regardless of the circumstances. Vacant units can include vacation homes, newly built homes not yet moved into, and apartments in between tenants.

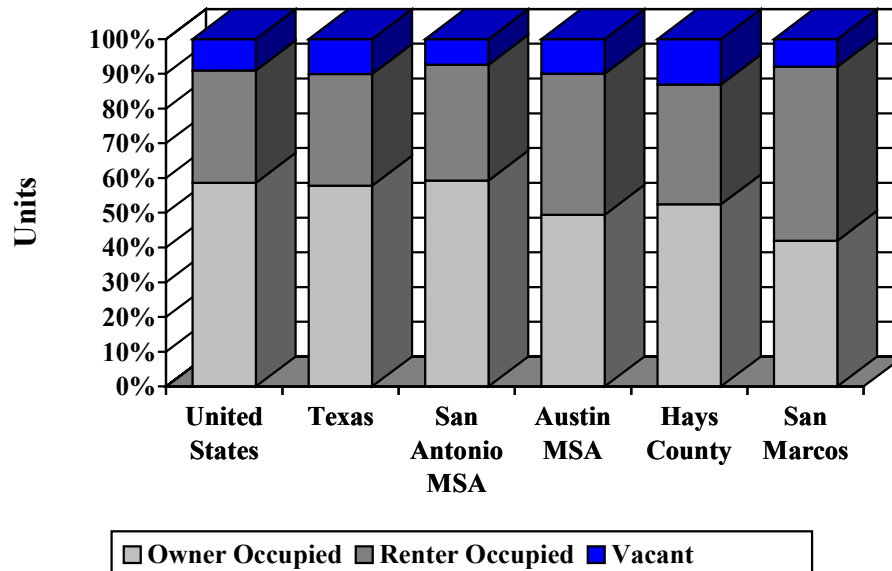
Texas underwent a dramatic boom-bust cycle during the 1980's, as a robust economy based on extractive industries crashed when oil prices dropped. During the boom, thousands of dwellings were built each year, especially apartments, leading to increased vacancy rates when the economy declined. Owner-occupied housing units fell from 58% of all units in 1980 to 53% in 1990. Renter-occupied units increased from 32% to 34%, while vacant units increased from 10% to 14% of the total housing stock.

Events in San Antonio mirrored those occurring in Texas, with owner-occupied housing units falling from 59% in 1980 to 53% in 1990. Although they decreased in percentage of the total housing units, they still increased by 45,000 units during the decade. Renter-occupied units increased from 33% to 37% of the total, and vacant units jumped from 7% to 11%.

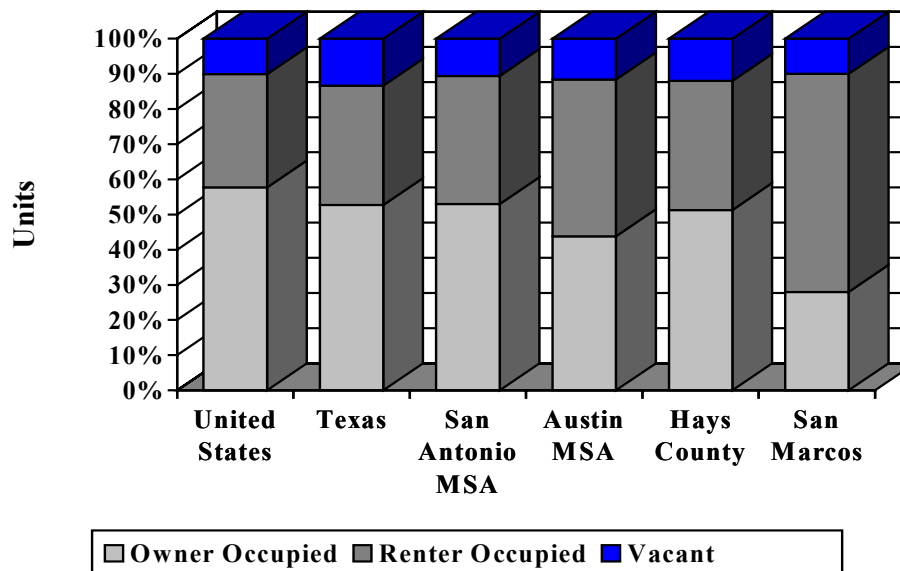
The large number of university students in the Austin-San Marcos MSA contributed to a relatively low rate of owner-occupied housing units; 49% in 1980 and dropping to 44% in 1990. Renter occupied housing units comprised 41% of the total in 1980 and 45% by 1990. Vacant units increased from 10% to 12%.

The city of San Marcos had 10,923 housing units in 1990, a 53% increase from the 7,151 units in 1980. Renter occupied units comprised the majority of these units, increasing from 3,611 units in 1980 to 6,737 units in 1990. In 1990, renter occupied units comprised 62% of the total housing units, up from 50% in 1980. However, between 1980 and 1990, owner occupied housing units increased by only 96 units, despite an increase in the city's population of over 5,000 people. The percentage of owner occupied housing units fell from 42% of the total housing units in 1980 to 28% in 1990. The increase in vacant units from 1980 to 1990 was a result of the over-building of apartments during the early 1980's and the recession in the late 1980's.

**Figure 3-12**  
**Housing Units by Occupancy (1980)**



**Figure 3-13**  
**Housing Units by Occupancy (1990)**



Source: U.S. Bureau of the Census.

**Income Trends**

Median household income is one of the most accurate portrayals of the economic status of Americans. Another statistic often used is the percentage of people or families whose income lies below the poverty level. The percentage of families whose annual income was below the poverty level increased from 1980 to 1990. The median household income for the U.S. in 1979 was \$28,800. By 1989, this had increased to \$30,000. Although there was a modest increase in median household income, there was also a greater percentage of families living below the poverty level. One in ten families in 1989 did not earn enough income to be considered above poverty status. The 1980 census recorded income data in 1979 dollars, while the 1990 census recorded income data in 1989 dollars. The 1979 numbers have been adjusted for inflation to 1989 levels for the purpose of comparison.

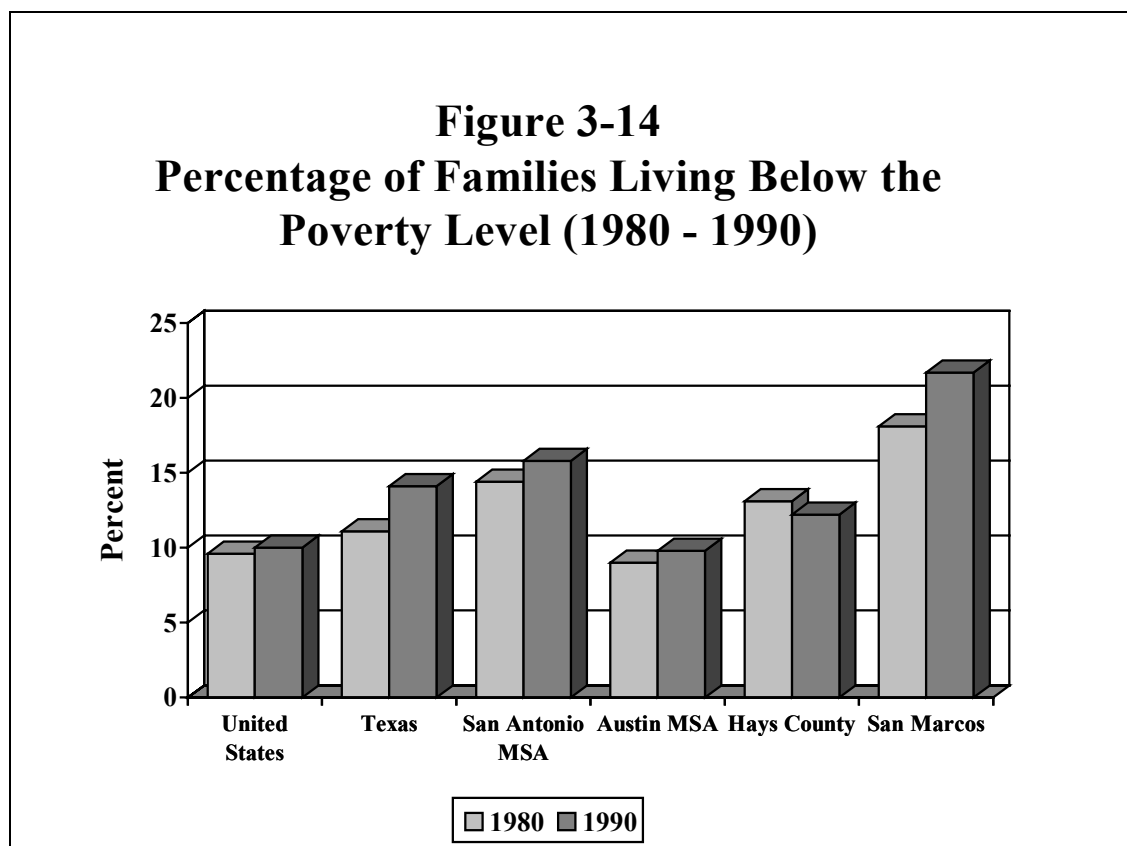
In Texas, the recession of the mid and late 1980's put a strain on many people's finances. Median household income actually declined from \$28,500 in 1979 to \$27,000 in 1989. Poverty levels increased between 1980 and 1990, as the percentage of families living below the poverty level rose from 11% to 14%.

San Antonio MSA income levels remained stable between 1980 and 1990. The median household income level remained around \$26,000 throughout the 1980's. However poverty levels were high, rising from 14.5% in 1980 to 16% in 1990.

The Austin-San Marcos MSA income levels rose between 1980 and 1990. Median household income levels increased from \$27,300 in 1979 to \$28,500 in 1989, in spite of the downturn in the local economy. The percentage of families living below the poverty level did increase slightly, however, from 9% to almost 10%.

The median household income in Hays County increased from \$22,200 in 1979 to \$25,500 in 1989. During the same period, the percentage of families living below the poverty level declined from 13% to 12%. Many expensive homes were built in northern Hays County during this period, as the suburbs of Austin moved southward.

In San Marcos, the median household income declined from \$18,000 in 1979 to \$14,800 in 1989. During the same period, poverty levels increased from 18% to 22%. The large number of students living in San Marcos contribute to the high poverty levels.



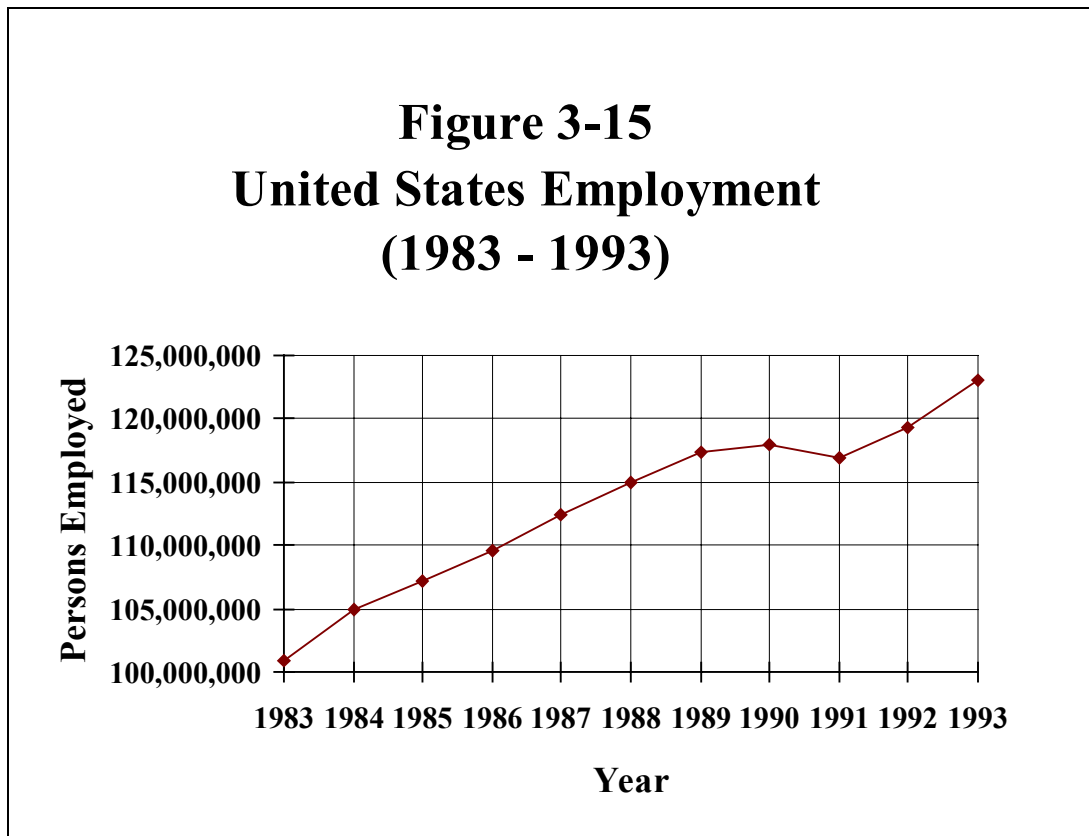
Source: U.S. Bureau of the Census



## ECONOMIC TRENDS

### United States Economic Trends

The United States economy has expanded at a modest rate over the past decade. Employment in the United States increased from 100,834,000 persons in 1983 to 119,308,000 persons in 1993, up 18% over the ten year period. Employment in the U.S. declined in 1991 due to a recession. In 1993, employment increased 3%, adding 3,722,000 persons to the workforce across the country. The 1993 unemployment rate was 6.8%. The overall improved economy has positioned the country for continued economic growth.

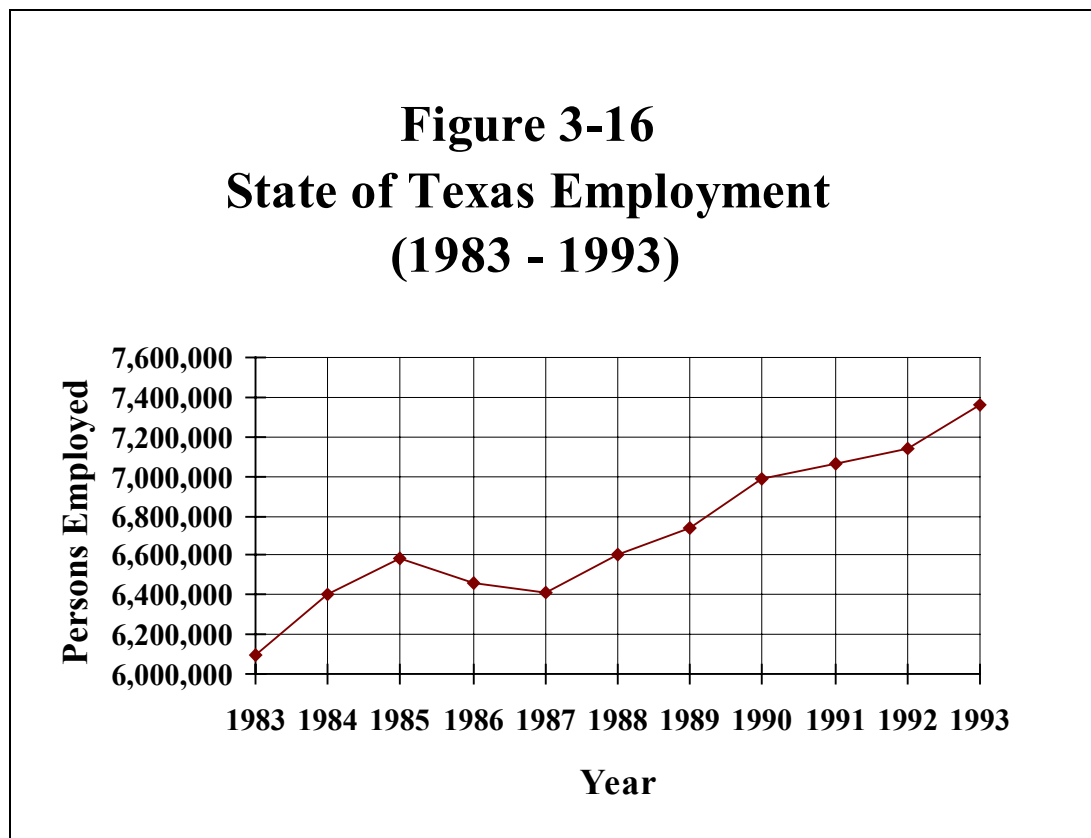


Sources: Texas Employment Commission and Texas Comptroller of Public Accounts.

Note: 1994 average employment estimates not available as of June 1995.

### State of Texas Economic Trends

The State of Texas economy, despite suffering a severe downturn in the late 1980's, has outpaced the U.S. economy over the past decade. A decrease in oil prices and over-speculation in the real estate industry led to the statewide recession in the late 1980's. Nearly 200,000 jobs were lost in the state between 1985 and 1987. Since then, an increase in oil prices and economic diversification have resulted in a recovery. Employment increased from 6,100,339 persons in 1983 to 7,363,465 persons in 1993, representing an average annual growth rate of 1.9%. From 1987 to 1993, employment increased by 950,000 persons. The 1993 unemployment rate was 7.0%. Employment in the state is projected to continue outpacing the United States throughout the decade.

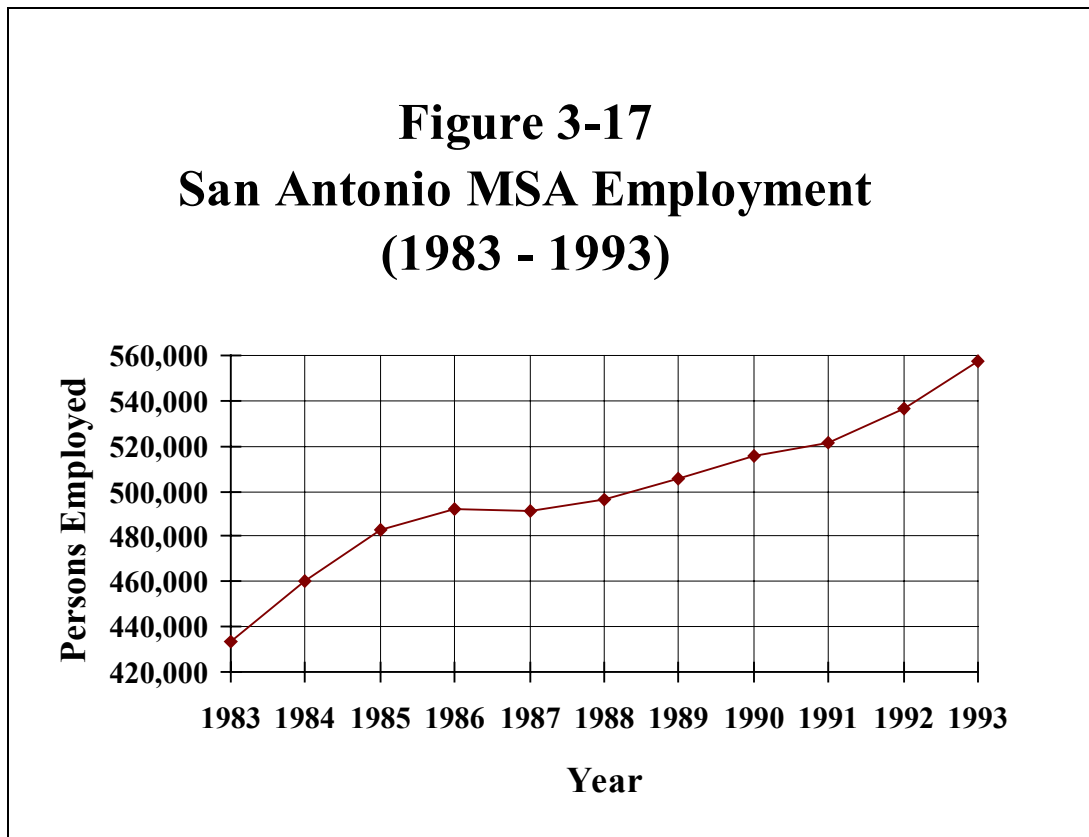


Sources: Texas Employment Commission and Texas Comptroller of Public Accounts.

Note: 1994 average employment estimates not available as of June 1995.

### San Antonio MSA Economic Trends

Employment in the San Antonio Metropolitan Statistical Area (MSA) increased from 433,061 persons in 1983 to 557,507 persons in 1993, up 29% for the 10 year period. The statewide recession of the mid 1980's was not as dramatic in the San Antonio MSA as elsewhere in Texas since a large military presence stabilized its economy. In 1993, employment increased 4%, adding 20,778 jobs to the workforce. The 1993 unemployment rate was 5.6%. Employment in the San Antonio MSA, with its expanding tourism industry and medical/biotechnology industry, is projected to continue outpacing the state for the remainder of the decade.

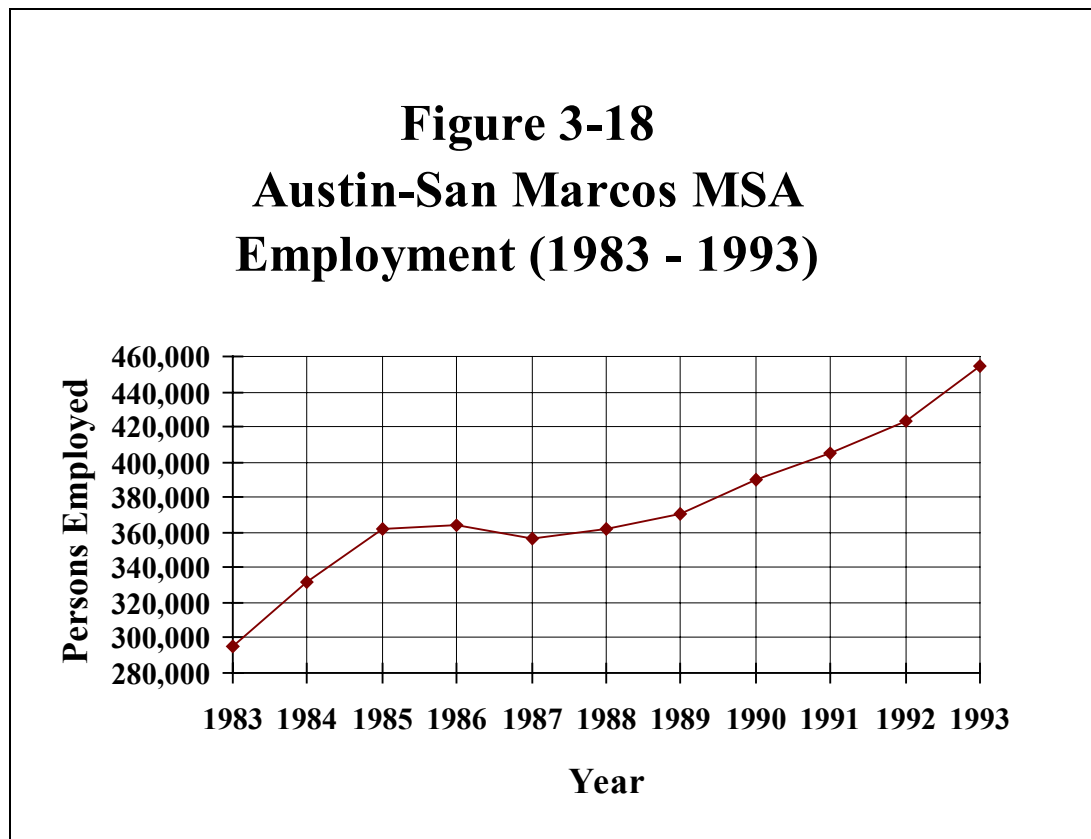


Sources: Texas Employment Commission and Texas Comptroller of Public Accounts.

Note: 1994 average employment estimates not available as of June 1995.

### Austin-San Marcos MSA Economic Trends

The Austin-San Marcos MSA economy, despite an economic slowdown in the mid 1980's and a later nationwide recession, has expanded at a dramatic rate over the past decade. Employment increased from 295,095 persons in 1983 to 454,543 persons in 1993. This represents an average annual growth rate of 4.4%. During the mid 1980's, employment declined in the Austin-San Marcos MSA, caused largely by an over-built real estate market. However, the large and stable government sector softened the effect of the declining employment. In 1993, employment increased 7%, adding 30,975 persons to the workforce, while the unemployment rate stood at only 4%. The expanding high-tech manufacturing industry and the large government sector have positioned the MSA for continued growth, and the MSA is expected to lead the state in economic growth.

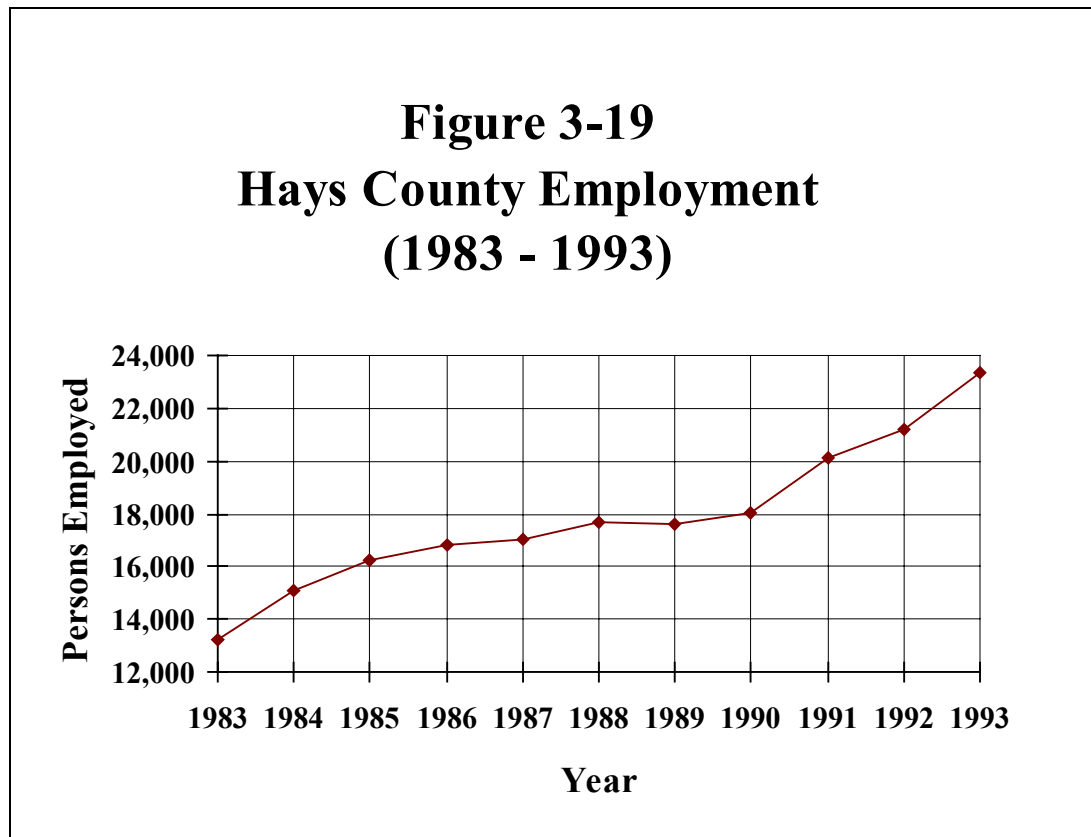


Sources: Texas Employment Commission and Texas Comptroller of Public Accounts.

Note: 1994 average employment estimates not available as of June 1995.

### Hays County Economic Trends

The Hays County economy has expanded at a phenomenal rate over the past decade. Employment in Hays County has increased annually an average of 5.9% during the last 10 years, from 13,197 persons in 1983 to 23,334 persons in 1993. The growth of the past several years is even more dramatic. Since 1990, employment in Hays County has increased 29%, for an average annual increase of 8.9%. The 1993 unemployment rate was a low 3.5%. Employment in Hays County is projected to remain strong throughout the remainder of the decade, as expanding retail, tourism, and manufacturing industries provide a solid base for continued economic growth.



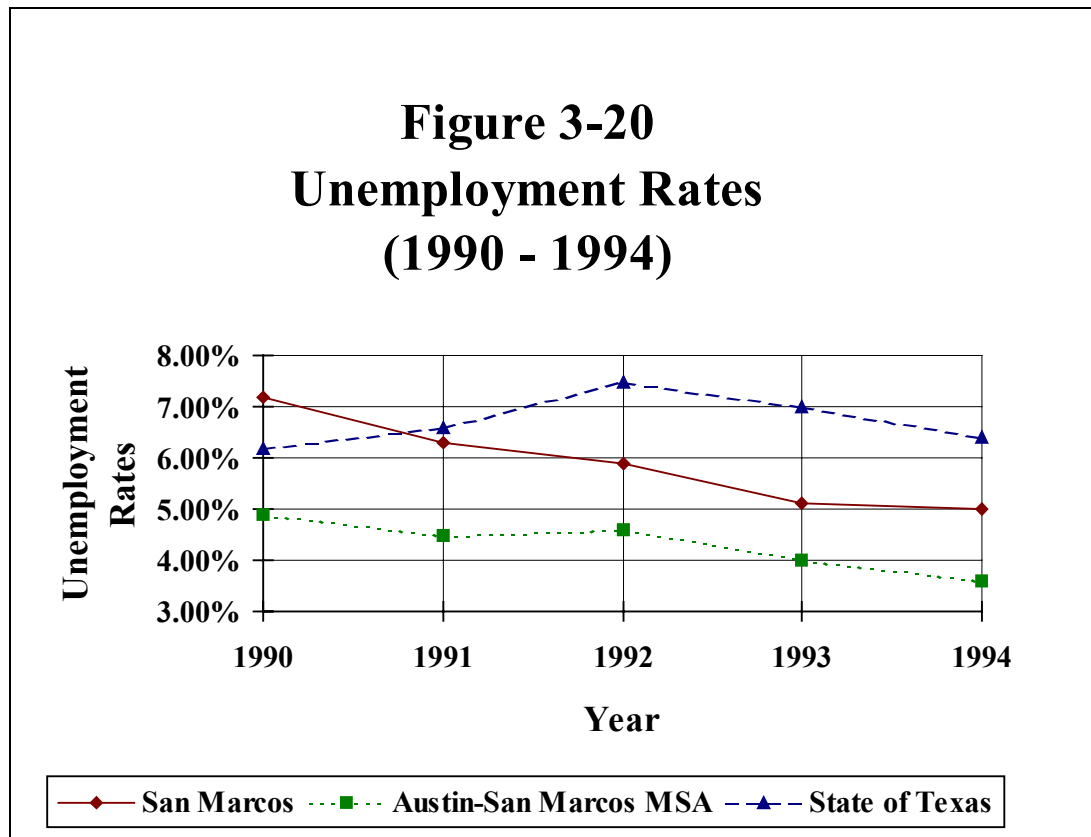
Sources: Texas Employment Commission and Texas Comptroller of Public Accounts.

Note: 1994 average employment estimates not available as of June 1995.

## San Marcos Economic Trends

### Unemployment

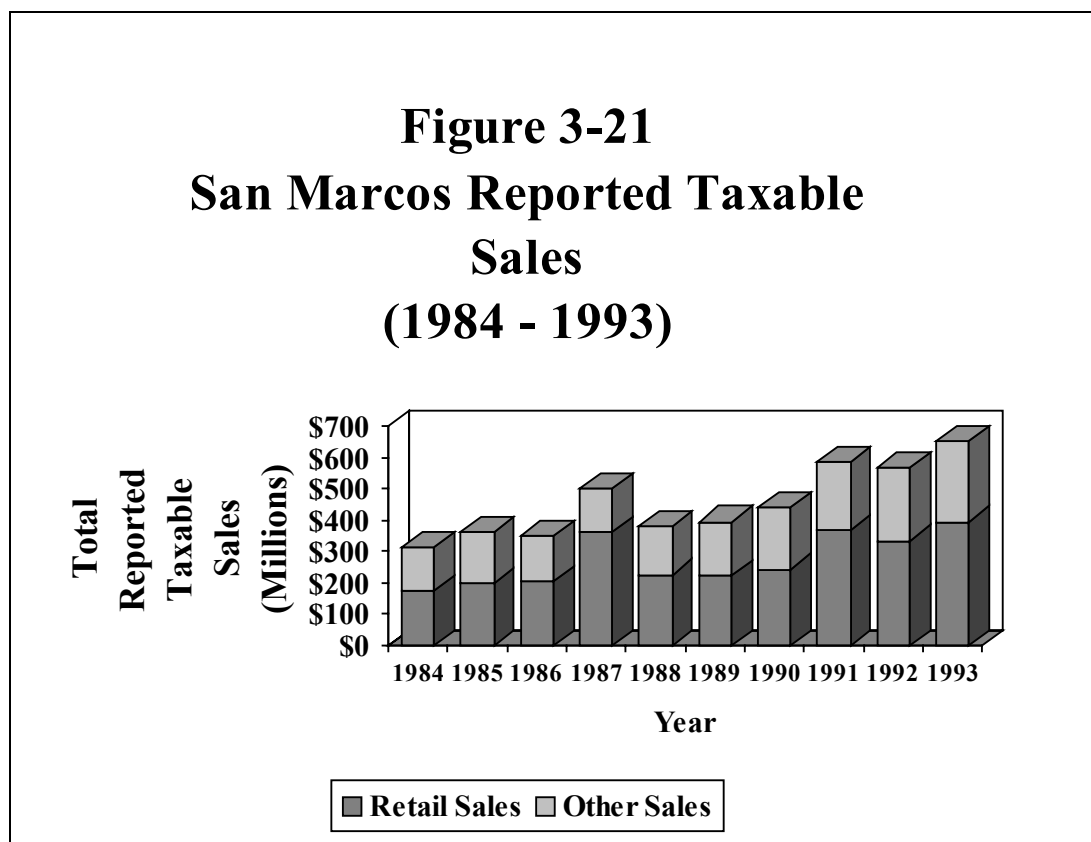
The unemployment rate for San Marcos is lower than the state but higher than the Austin-San Marcos MSA. The San Marcos unemployment rate in 1994 was 5.0%, compared to 6.4% for the State of Texas, and 3.6% for the Austin-San Marcos MSA. The large student population in the city has contributed to the higher unemployment rate. However, the San Marcos unemployment rate has dropped every year since 1990. The overall improved economy and the opening of the outlet malls have created more jobs for students and residents.



Source: Texas Employment Commission.

### Total Sales

Reported taxable sales have increased significantly in the city of San Marcos over the past decade. Total sales in San Marcos have more than doubled during the last 9 years, from \$314 million in 1984 to \$651 million in 1993. The openings of the San Marcos Factory Shops and the Tanger Factory Outlet Centers in the early 1990's have had a dramatic effect on retail sales in San Marcos. Retail sales have increased more than \$150 million annually since the outlet malls opened.



Source: Texas Comptroller of Public Accounts.

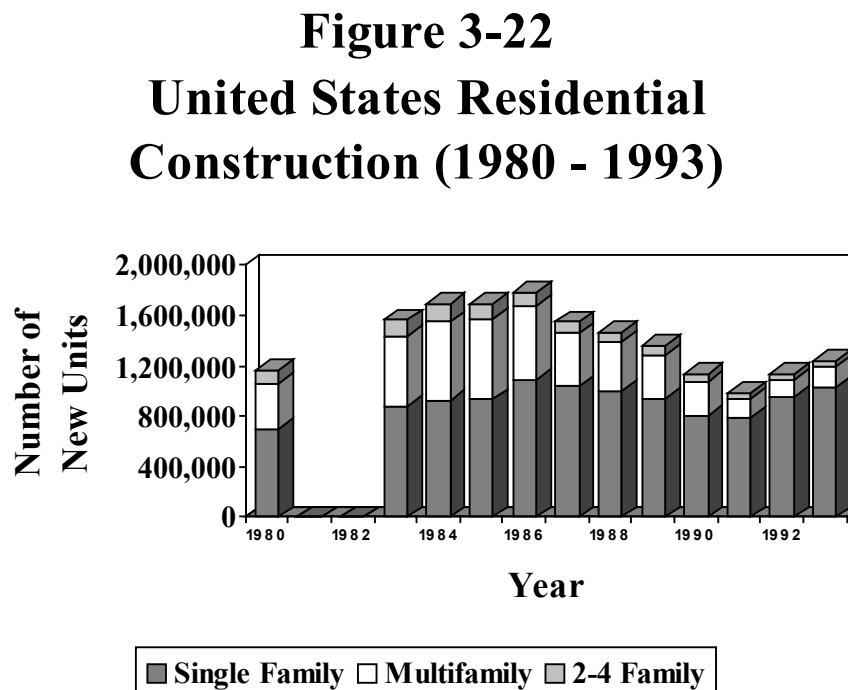
Note: 1994 taxable sales estimates not available as of June 1995.

## CONSTRUCTION TRENDS

### United States Construction Trends

#### Residential Construction

New residential construction in the United States (U.S.) was robust between 1983 and 1986. The U.S. added nearly 7 million new residential units to the market during this period. Construction slowed in the late 1980's and early 1990's, as the nation suffered from a recession. A decrease in multifamily construction was the main component in the construction decline. In 1992, the market began an upward trend fueled by single family construction. In 1993, the U.S. added over 1.2 million new residential units to the market.



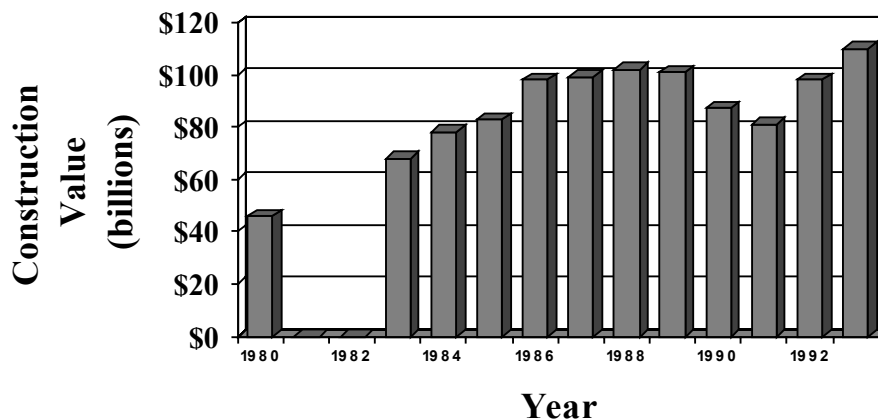
Sources: U.S. Bureau of the Census and Real Estate Center at Texas A&M University.

Note: United States residential construction not reported in 1981 or 1982, nor 1994 estimates available as of June 1995.



The highest number of new residential units were added during the period between 1983 and 1986. However, the highest construction values were reported during the period between 1986 and 1989. Construction in the U.S. totaled over \$400 billion during the late 1980's. Construction of higher priced single family homes led to these increased construction values. At the same time, construction values in the multifamily and two-four family markets had decreased. The single family market began to decrease during 1990, a trend which continued in 1991. The single family market rebounded in 1992 and has continued to increase. In 1993, construction values in the single family market reached its highest level, exceeding \$100 billion.

**Figure 3-23**  
**United States Residential**  
**Construction (1980 - 1993)**



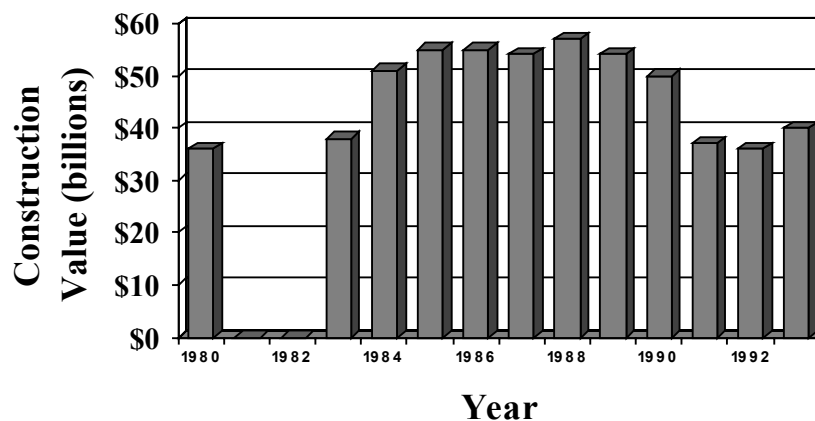
Sources: U.S. Bureau of the Census and Real Estate Center at Texas A&M University.

Note: United States residential construction not reported in 1981 or 1982, nor 1994 estimates available as of June 1995.

### Nonresidential Construction

New nonresidential construction in the United States remained strong and consistent throughout the mid and late 1980's. Construction values exceeded \$50 billion annually between 1984 and 1990. Office construction was the leading sector during this period, contributing 30% to the total construction value. Following the office market was retail (23%) and industrial (17%) construction. Nonresidential construction declined during 1991-92, showing a slight rebound in 1993. Retail construction has fueled this upward trend capturing over 30% of the market share.

**Figure 3-24**  
**United States Nonresidential**  
**Construction (1980 - 1993)**



Sources: U.S. Bureau of the Census and Real Estate Center at Texas A&M University.

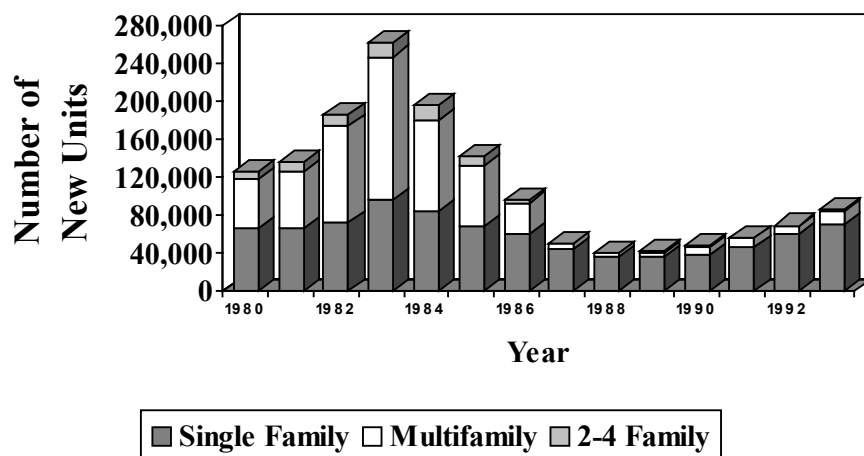
Note: United States residential construction not reported in 1981 or 1982, nor 1994 estimates available as of June 1995.

## State of Texas Construction Trends

### Residential Construction

New residential construction in the state of Texas peaked in 1983, adding over 260,000 new units to the market in response to strong population growth. In 1984, construction began to decrease and continued this decline, hitting bottom in 1988. Over-speculation in the real estate market and a sharp drop in oil prices contributed to the decline. The main component in the construction decline was multifamily housing, with almost no new units constructed statewide in 1988. In 1989, the state began a gradual recovery in construction activity that has continued to increase annually. All residential market segments have continued to increase since 1990.

**Figure 3-25**  
**State of Texas Residential**  
**Construction (1980 - 1993)**

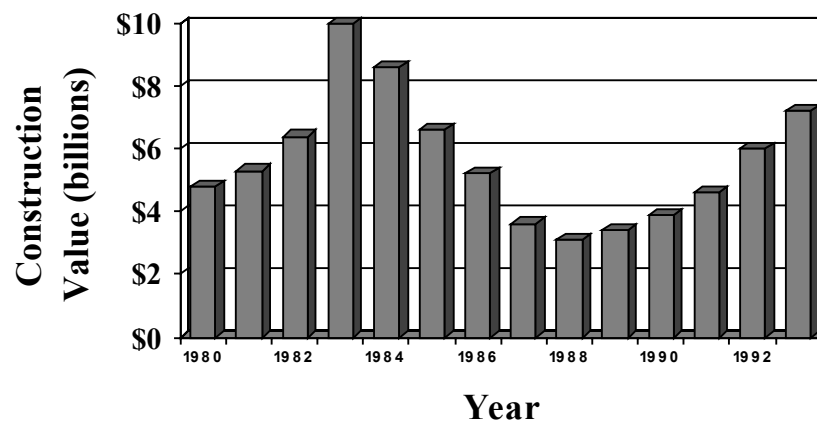


Sources: U.S. Bureau of the Census and Real Estate Center at Texas A&M University.

Note: Construction estimates for 1994 not available as of June 1995.

Construction values in the state of Texas peaked in 1983 totaling \$10 billion. Beginning in 1984, values in all residential sectors began to decrease, reaching their lowest levels in 1988. An upward trend began in 1989 and construction values have continued to increase annually. Construction values totaled over \$7 billion in 1993 as the single family market captured over 90% of the total.

**Figure 3-26**  
**State of Texas Residential**  
**Construction (1980 - 1993)**



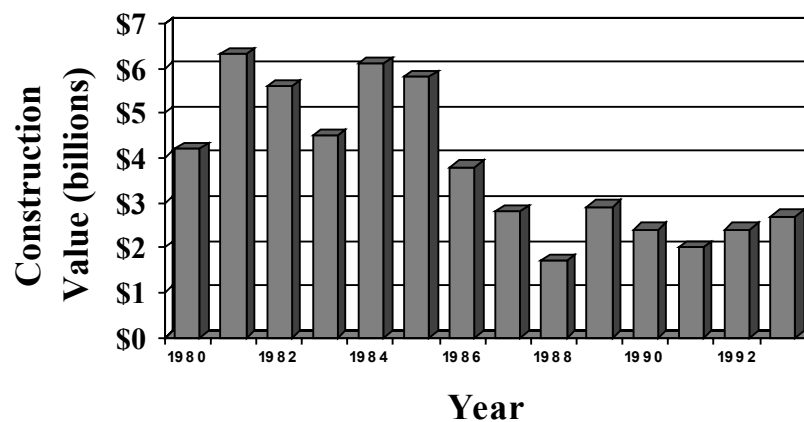
Sources: U.S. Bureau of the Census and Real Estate Center at Texas A&M University.

Note: Construction estimates for 1994 not available as of June 1995.

### Nonresidential Construction

New nonresidential construction in the state of Texas was abundant during the early and mid 1980's as construction values exceeded \$4 billion annually. Office construction was the major contributing factor during this period, contributing 40% to the construction total. Following the office market was retail construction with an additional 24%. Beginning in 1986, nonresidential construction declined annually until it reached a low in 1988. In 1989, Texas began showing signs of a gradual recovery. Since 1989, construction values have exceeded \$2 billion annually. Construction in the retail, industrial, and office markets are contributing to this recovery, with 30%, 23% and 20% of the market share, respectively.

**Figure 3-27**  
**State of Texas Nonresidential**  
**Construction (1980 - 1993)**



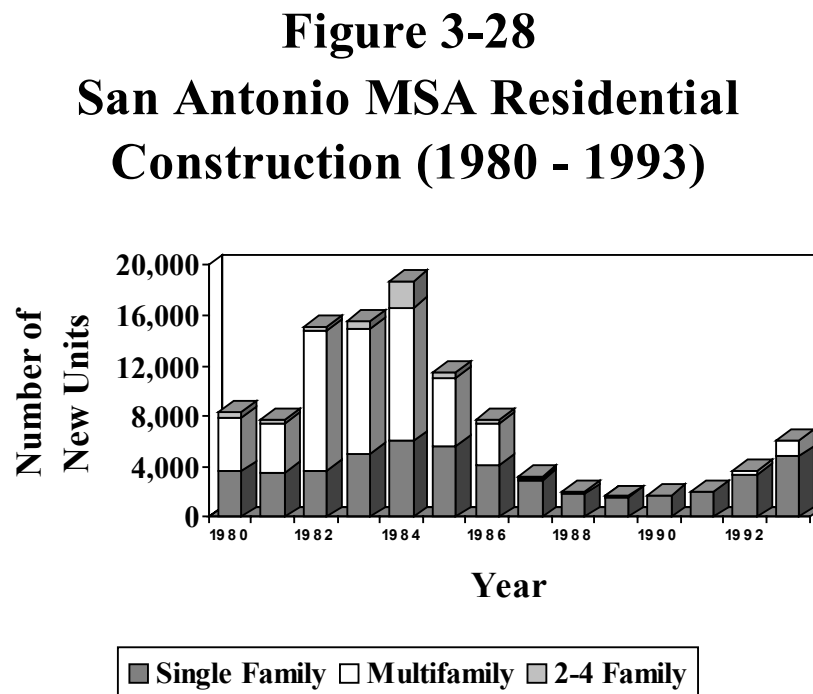
Sources: U.S. Bureau of the Census and Real Estate Center at Texas A&M University.

Note: Construction estimates for 1994 not available as of June 1995.

## San Antonio MSA Construction Trends

### Residential Construction

New residential construction in the San Antonio MSA was very active during the early and mid 1980's. Multifamily construction led the residential market, adding 60% of the 84,790 new units built between 1980 and 1986. From 1987 to 1992, multifamily construction slowed to an average of only 150 units per year. Between 1980 and 1992, an average of 1,500 single family homes were completed annually in the San Antonio area. In 1993, the residential market added over 6,000 new units, with the single family market contributing 80% and the multifamily market contributing the remaining 20%.

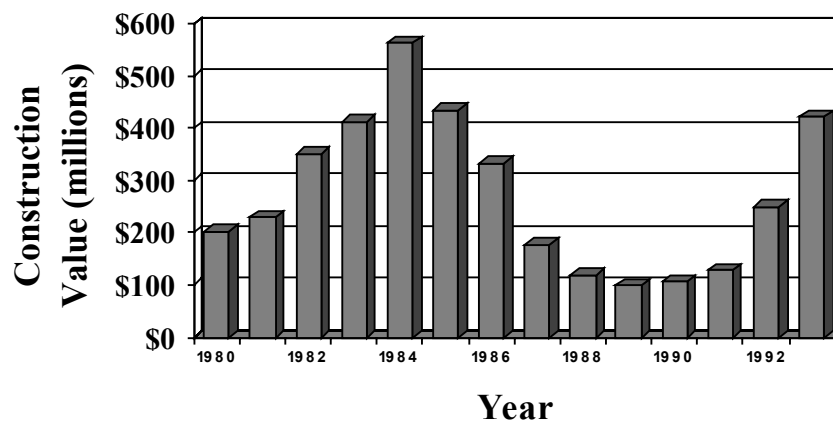


Sources: U.S. Bureau of the Census and Real Estate Center at Texas A&M University.

Note: Construction estimates for 1994 not available as of June 1995.

Construction activity was on the rise during the early 1980's and peaked in 1984 with a value totaling over \$550 million. Beginning in 1985, the economy of the area worsened and values began to decline until they bottomed out at \$100 million in 1989. A decrease in multifamily construction was the main component of this decline. Construction values began to recover in 1990 and have continued an upward trend. In 1993, construction values reached their highest level in eight years. The construction value totaled over \$400 million in 1993, with new homes dominating the market.

**Figure 3-29**  
**San Antonio MSA Residential**  
**Construction (1980 - 1993)**



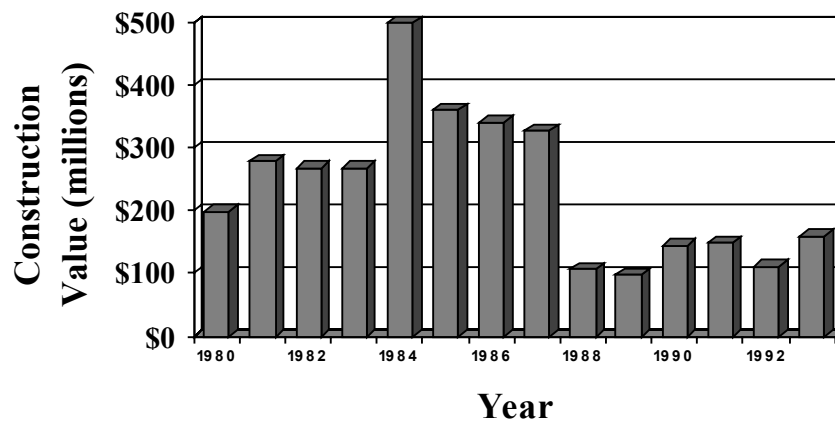
Sources: U.S. Bureau of the Census and Real Estate Center at Texas A&M University.

Note: Construction estimates for 1994 not available as of June 1995.

### Nonresidential Construction

New nonresidential construction was consistently strong during the early and mid 1980's with a peak in 1984, totaling over \$500 million. During the period between 1980 and 1987, nonresidential construction totaled over \$2.5 billion with office construction contributing 35% and retail construction an additional 30%. Since 1987, nonresidential construction has been modest, averaging \$90 million per year. The highest nonresidential construction total in six years occurred in 1993 when construction values exceeded \$150 million. The office and retail sectors contributed equally and represented 2/3 of the total value.

**Figure 3-30**  
**San Antonio MSA Nonresidential**  
**Construction (1980 - 1993)**



Sources: U.S. Bureau of the Census and Real Estate Center at Texas A&M University.

Note: Construction estimates for 1994 not available as of June 1995.

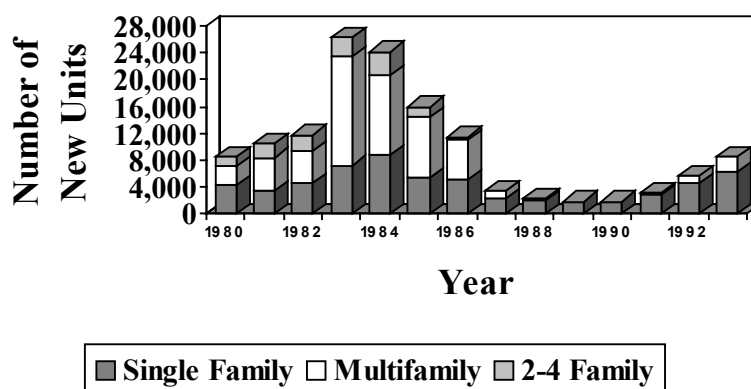


## Austin-San Marcos MSA Construction Trends

### Residential Construction

The construction industry boomed in the Austin-San Marcos MSA between 1983-86, but the boom ended in 1987 due to over-building. Residential construction continued to decline until 1989. In 1990, residential construction began to increase and jumped from 1,962 in 1990 to 8,543 in 1993. In 1993, new single family homes contributed 75% of the total number of units constructed with multifamily adding the remaining 25%. However, multifamily construction has also increased in the past few years, due to record high occupancy and rent rates in the area.

**Figure 3-31**  
**Austin-San Marcos MSA**  
**Residential Construction (1980 -**  
**1993)**

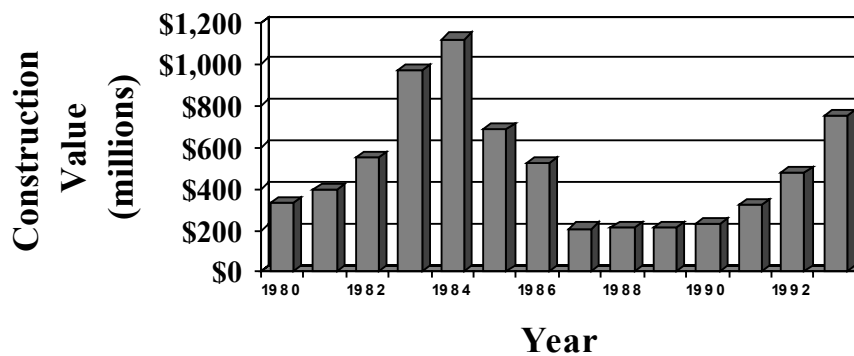


Sources: U.S. Bureau of the Census and Real Estate Center at Texas A&M University.

Note: Construction estimates for 1994 not available as of June 1995.

Residential construction values increased during the early 1980's and reached a peak in 1984, totaling over \$1 billion. Between 1980 and 1984 over \$3.3 billion of new residential units were constructed. Beginning in 1985, construction values decreased until 1989. Construction values have increased annually since 1990 and reached a nine-year high of \$750 million in 1993.

**Figure 3-32**  
**Austin-San Marcos MSA**  
**Residential Construction (1980 - 1993)**



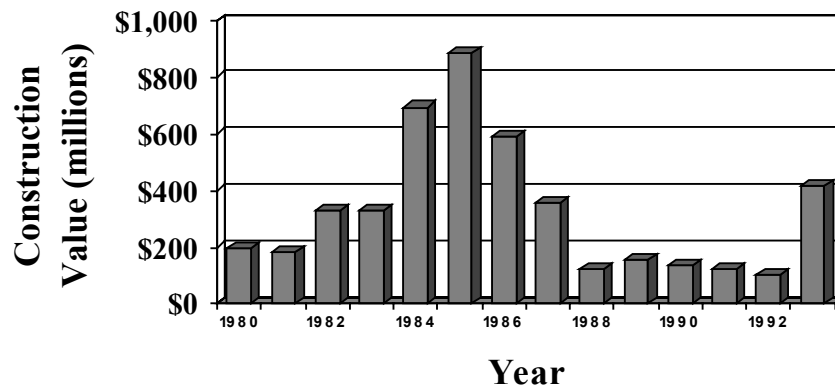
Sources: U.S. Bureau of the Census and Real Estate Center at Texas A&M University.

Note: Construction estimates for 1994 not available as of June 1995.

### Nonresidential Construction

New nonresidential construction was heavily over-built in the Austin-San Marcos MSA during the boom of the mid 1980's. Between 1984 and 1986 over \$2 billion of nonresidential buildings were constructed. Over 50% of the construction was in office space. Nonresidential construction peaked in 1985 at \$900 million. After 1987 nonresidential construction values were under \$200 million annually until 1993. In 1993, the nonresidential construction value exceeded \$400 million. Over 50% of the construction was in the industrial market with the addition of manufacturing space for high tech companies such as Motorola, Advanced Micro Devices, Dell Computers, and Applied Materials.

**Figure 3-33**  
**Austin-San Marcos MSA**  
**Nonresidential Construction (1980 - 1993)**



Sources: U.S. Bureau of the Census and Real Estate Center at Texas A&M University.

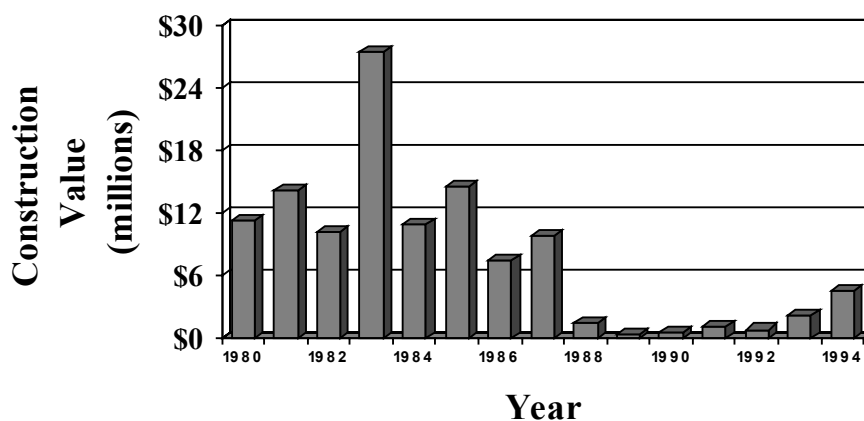
Note: Construction estimates for 1994 not available as of June 1995.

## San Marcos Construction Trends

### Residential Construction

New residential construction in San Marcos was robust during the early and mid 1980's. Residential construction includes the single family, multifamily, and two-four family sectors. Construction values ranged between \$8 and \$27 million annually between 1980 and 1987. Construction peaked in 1983 at over \$27 million. Construction values dropped drastically between 1988 and 1992 with values averaging only \$1 million per year. The residential market rebounded in 1993 and began an upward trend. In 1994, residential construction values topped \$5 million, all of which were single family homes. There have been no multifamily or two-four family projects built in San Marcos since 1988, although several complexes are currently in the design or permitting stages.

**Figure 3-34**  
**San Marcos Residential**  
**Construction (1980 - 1994)**

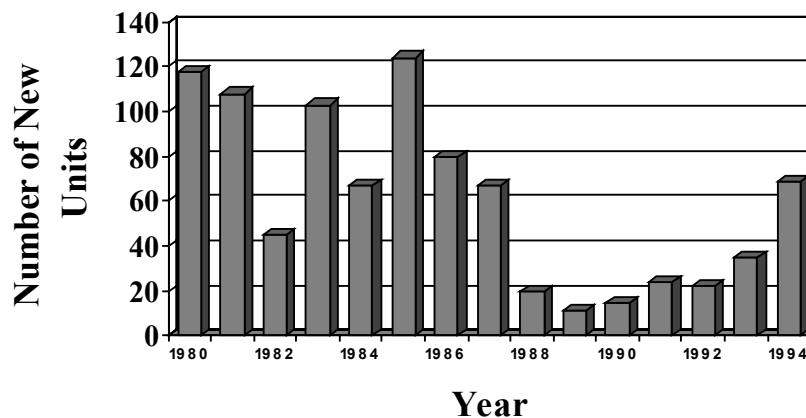


Source: City of San Marcos Planning and Development Services Department.

### Single Family Residential Construction

New single family construction was very active during the early and mid 1980's. Over the past 14 years, 908 new homes have been constructed in San Marcos. Approximately 80% of these homes were built between 1980 and 1987. Homes were constructed throughout the city with the majority being built in the following subdivisions: Castle Forest, Sunset Acres, Blanco Garden South, Hills of Hays, Tanglewood Addition, Mockingbird Hills, Hughson Heights, and Westover. Construction activity slowed during the late 1980's. An upward trend began in 1993 with most homes inside the city being built in the Castle Forest, Hills of Hays, and Sendera subdivisions. However, the majority of homes being built in the San Marcos area are located outside the city limits, south and west of town. The subdivisions include Willow Creek Estates, Laurel Estates, Turkey Hollow, and Country Estates.

**Figure 3-35**  
**San Marcos Single Family**  
**Construction (1980 - 1994)**

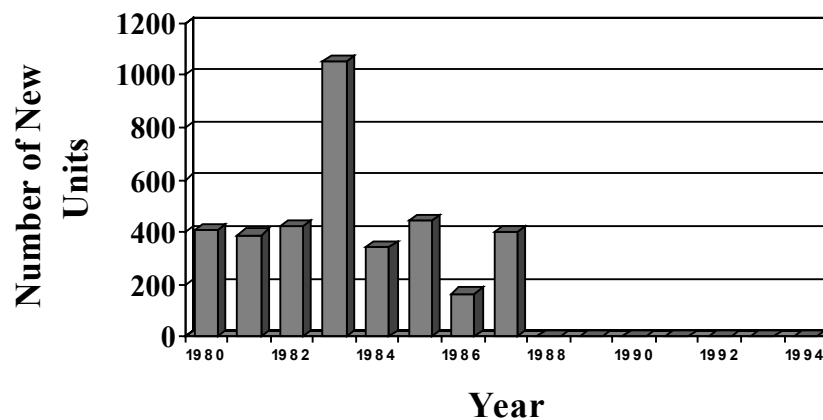


Source: City of San Marcos Planning and Development Services Department.

### Multifamily Residential Construction

New multifamily construction has not occurred in San Marcos since 1987. The last major complex to be built was the Village on the River apartments located on Aquarena Springs Drive. Between 1980 and 1987, 3,625 new apartment units were built in San Marcos. Some of the larger apartment complexes completed included The Oaks, Verandah, The Timbers, Hill Country, Autumn Chase, Townwood, Highcrest, Englewood, Colony Square, The Summit, Westfield, and Clarewood.

**Figure 3-36**  
**San Marcos Multifamily**  
**Construction (1980 - 1994)**

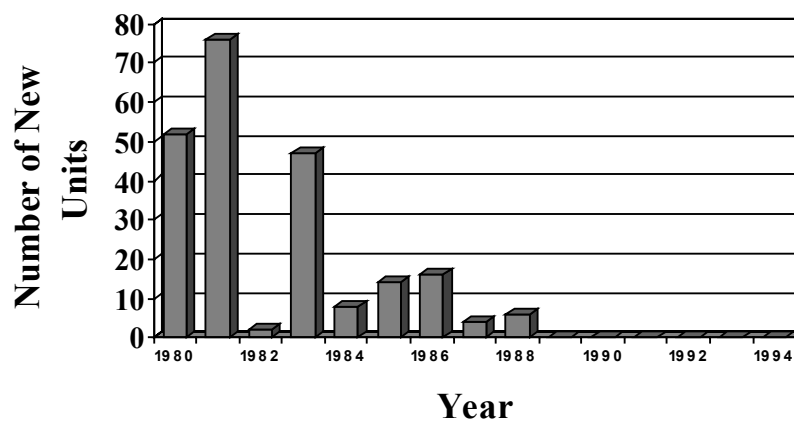


Source: City of San Marcos Planning and Development Services Department.

### 2-4 Family Residential Construction

New 2-4 family construction has been dormant in San Marcos since 1988. The last duplexes constructed were located on Crest Drive. Between 1980 and 1988, 225 new two-four family units were built in San Marcos. Some of the areas where duplexes were completed included Mill Street, Barbara Street, N. LBJ Drive, Conway Drive, Hughson Street, Hughson Court, and Hazleton Street.

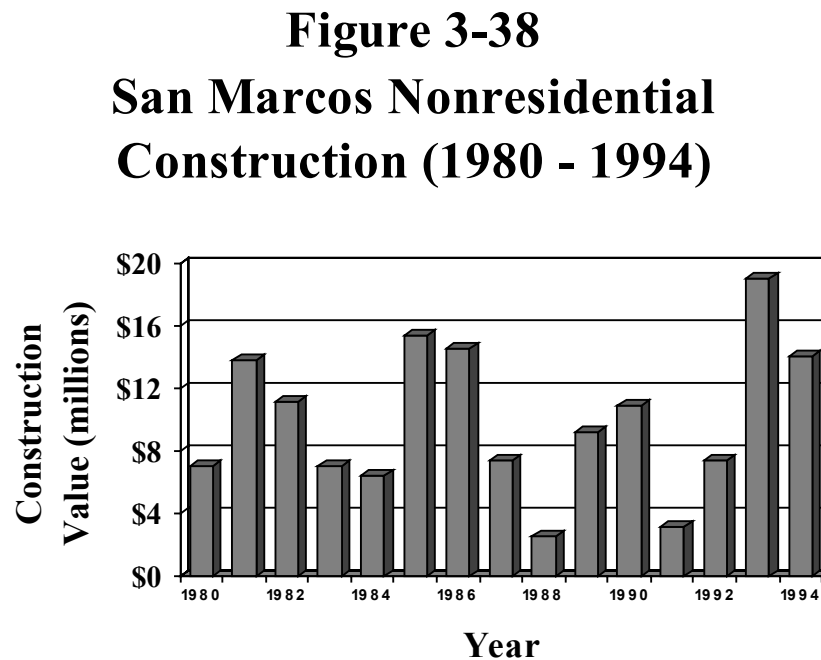
**Figure 3-37**  
**San Marcos 2-4 Family**  
**Construction (1980 - 1994)**



Source: City of San Marcos Planning and Development Services Department.

### Nonresidential Construction

New nonresidential construction in San Marcos has been robust over the past 14 years. Nonresidential construction includes the commercial, industrial, and public sectors. Total nonresidential construction in San Marcos has exceeded \$150 million since 1980. Construction values have ranged from a high of \$19 million in 1993 to a low of \$3 million in 1988. The last few years have been quite active and the commercial and public sectors have primarily fueled this increased activity. Some of the larger projects during 1993-94 included the San Marcos Factory Shops Phases II and III, Tanger Factory Outlet Center, San Marcos Public Library, Hernandez Intermediate School, Miller Junior High School, and the Best Western Hotel (now La Quinta Inn).



Source: City of San Marcos Planning and Development Services Department.



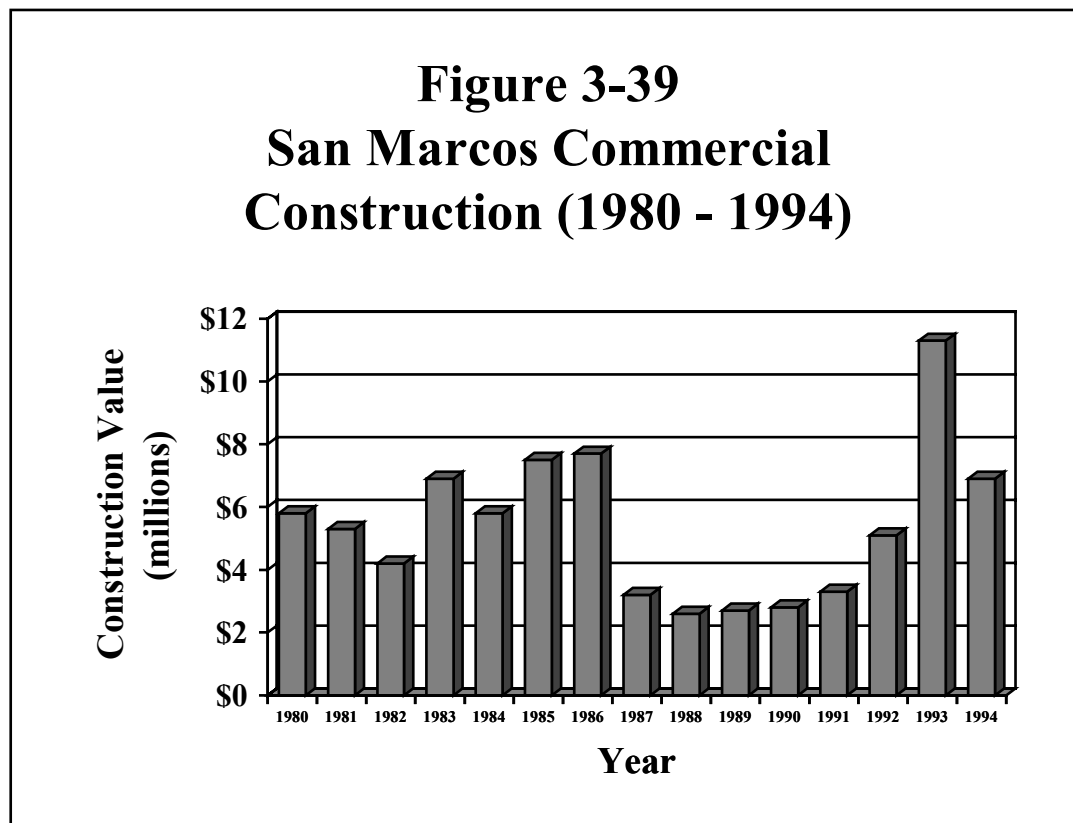
Commercial Construction

New commercial construction was steady between 1980 and 1986. Commercial activity slowed during the late 1980's and began an upward trend in 1991. Total commercial construction has exceeded \$83 million since 1980. Activity in 1993 reached an all time high, exceeding \$11 million. Areas of commercial construction in the past 14 years included:

- |           |   |
|-----------|---|
| 1980-1986 | There was extensive development throughout the city. Areas of concentrated activity included the Central Business District, State Highway 80, Hopkins Street, Thorpe Lane, and IH-35. The largest projects built included San Marcos Telephone Company, Wal-Mart, SanMar Plaza, State Bank and Trust Co., Safeway, Homeplace Inns of San Marcos, and Stratford House Inns.  |
| 1987-1990 | Concentrated development occurred on Centerpoint Road, IH-35, State Highway 123, Guadalupe Street, and Wonder World Drive. The largest projects built included H.E.B., Opthamology Clinic, Papillion Villa Shopping Village, Doc Holiday's Pawn Shop, and Kentucky Fried Chicken. The San Marcos Factory Shops Phase I was also completed during this period, but was not annexed into the city until after construction. |

1991-1994 Major areas of commercial development activity were the intersections of Centerpoint Road and IH-35, and Aquarena Springs Drive and IH-35. The largest projects built included San Marcos Factory Shops Phases II and III, Tanger Factory Outlet Center, Comfort Inn, Shoney's, Wendy's, Luby's, Best Western, and Golden Corral.

Several other commercial projects were completed in San Marcos since 1980 that either remodeled existing buildings or were annexed into the city after construction was finished.

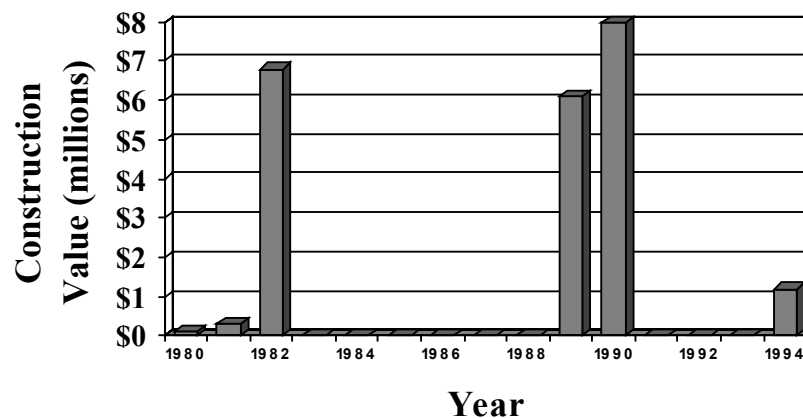


Source: City of San Marcos Planning and Development Services Department.

### Industrial Construction

New industrial construction has been sporadic throughout the years in San Marcos. Total industrial construction has totaled \$22 million between 1980-1994. The highest construction activity occurred in 1990 when the value exceeded \$8 million. Industrial projects included the H.E.B. Distribution Center on Hunter Road in southwest San Marcos (1982); CFan on IH-35 in northeast San Marcos (1989); Parkview Metal Products on Barnes Drive in southwest San Marcos (1990); Rohr Industries on Technology Way in northeast San Marcos (1990); and an expansion to Marshal Gas Controls on Civic Center Loop in southeast San Marcos (1994). Several other industrial projects were completed in San Marcos since 1980 that either remodeled existing buildings or were annexed into the city after construction was finished. Some of the projects included Butler Manufacturing, H.E.B. Distribution Center, and Marshall Gas Controls.

**Figure 3-40**  
**San Marcos Industrial**  
**Construction (1980 - 1994)**

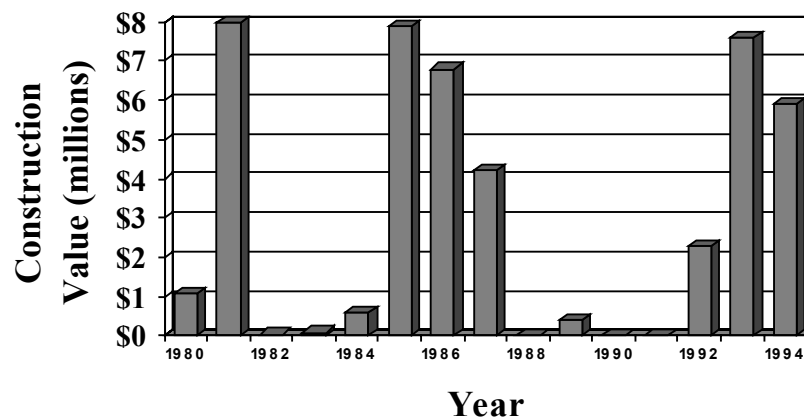


Source: City of San Marcos Planning and Development Services Department.

### Public Construction

Public construction typically consists of a few very large capital investment projects. New public construction has been sporadic over the past 14 years. Total public construction has exceeded \$45 million since 1980. Construction values have exceeded \$7 million in 1981, 1985, and 1993. In 1981, the Church of Jesus Christ of Latter Day Saints and the Central Texas Medical Center were built. Between 1985-87, First Lutheran Church, San Marcos State Fish Hatchery, Hays County Law Enforcement Center, and the City Hall Annex were constructed. Also, additions to Owen Goodnight Jr. High School, Bowie Elementary School, Travis Elementary School, and St. John's Catholic Church were built. Between 1992-94, the San Marcos Public Library, Hernandez Intermediate School, an addition to San Marcos High School, and Miller Junior High School were completed.

**Figure 3-41**  
**San Marcos Public**  
**Construction (1980 - 1994)**



Source: City of San Marcos Planning and Development Services Department.

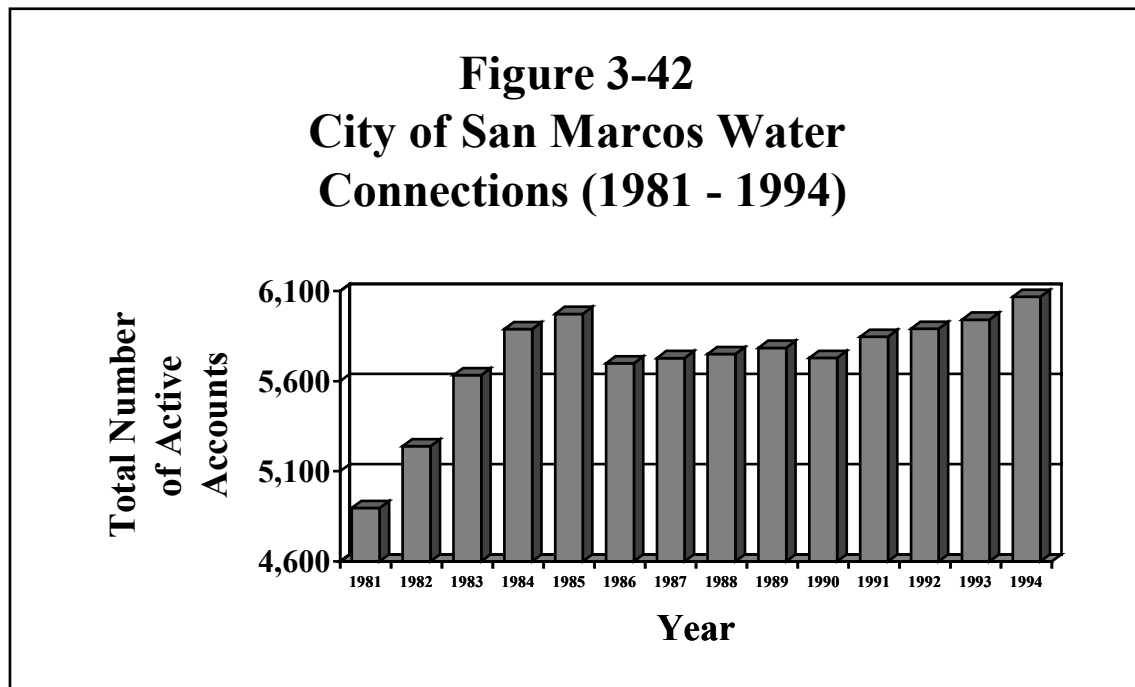
Note: Public construction does not include any construction at Southwest Texas State University.

## UTILITY TRENDS

### San Marcos Utility Trends

#### Water

The City of San Marcos water connections have gradually increased over the past 13 years. The number of connections rose from 4,896 in 1981 to 6,067 in 1994. This represents a 24% increase in the number of connections during this period. This rate of increase is slower than the population increase due to master meters at most apartment complexes. The largest annual increases occurred in the early 1980's when construction activity in San Marcos was abundant. A change in the billing method and high apartment vacancies after 1985 led to a decrease in the number of active accounts. A gradual recovery followed, and by 1994, the number of water connections in the city reached an all-time high.

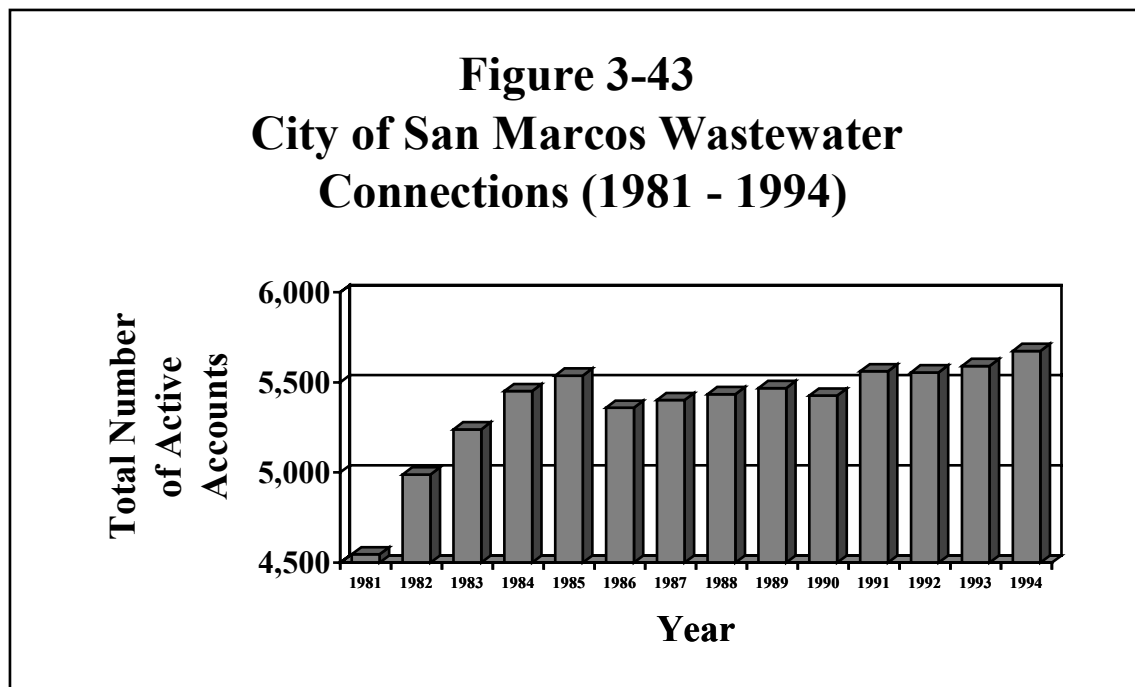


Source: City of San Marcos Water and Wastewater Department.

Note: Number of connections includes all active accounts.

### Wastewater

The City of San Marcos wastewater connections have followed trends similar to those of the water connections. The number of connections in 1981 and 1994 were 4,546 and 5,674, respectively, representing a 25% increase over 13 years. The largest annual increases occurred in the early 1980's when construction activity in San Marcos was robust. This was followed by a 3% decrease in the number of connections in 1986 as vacancies increased, and the city changed its method for billing active accounts. Gradual increases have occurred since 1987, and by 1994, the number of active accounts had reached record highs.

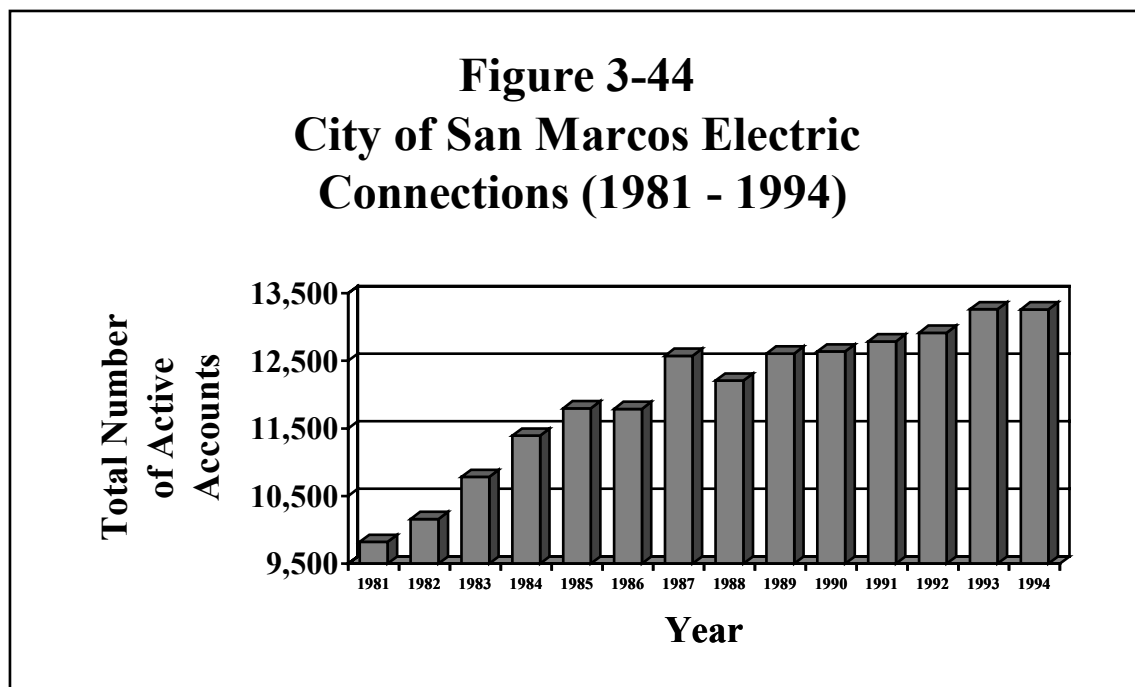


Source: City of San Marcos Water and Wastewater Department.

Note: Number of connections includes all active accounts.

Electric

The city of San Marcos electric connections increased from 9,822 in 1981 to 13,262 in 1994, representing a 35% increase. The largest annual increases occurred in the early and mid 1980's when construction activity in San Marcos was rapidly increasing. Overbuilding of apartment complexes led to high vacancy rates and a 3% decrease in the number of electric connections in 1988. Since then, the number of electric connections have continued an upward trend.

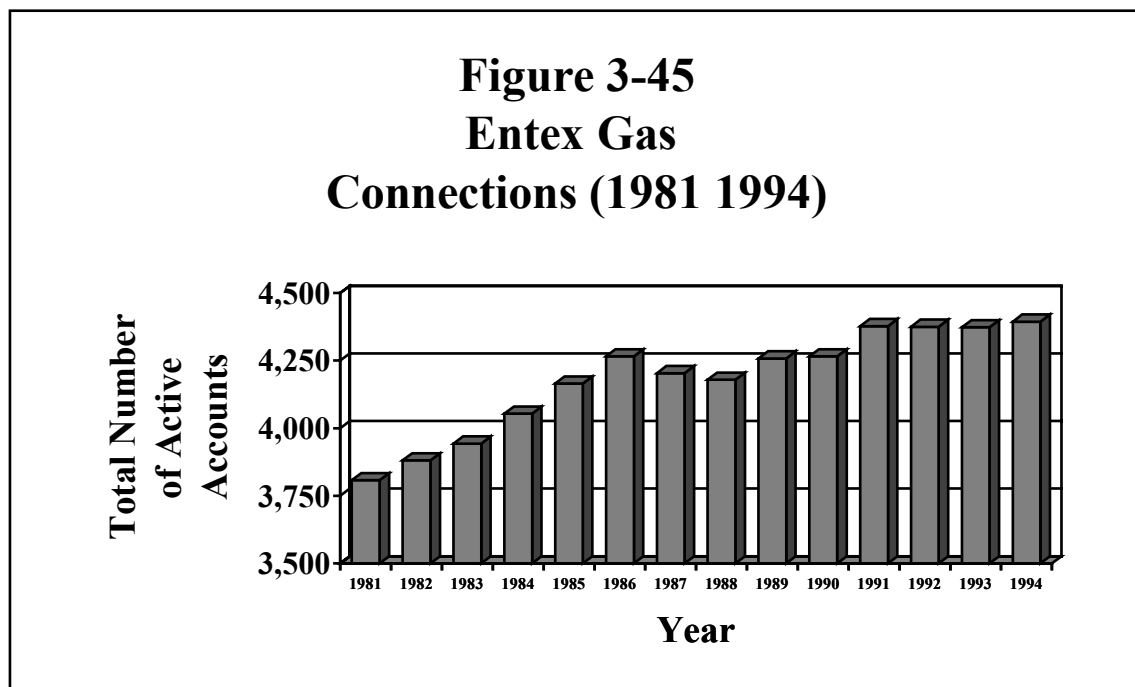


Source: City of San Marcos Electric Utility.

Note: Number of connections includes all active accounts.

Gas

Entex gas connections continually increased in the early 1980's due to high levels of construction activity, then decreased in 1987 and 1988 as many apartments remained vacant. Significant increases occurred in 1989 and 1991, with the remaining years being relatively static. The number of connections rose from 3,808 in 1981 to 4,394 in 1994. This represents a 15% increase in the number of connections over the 13 year period.



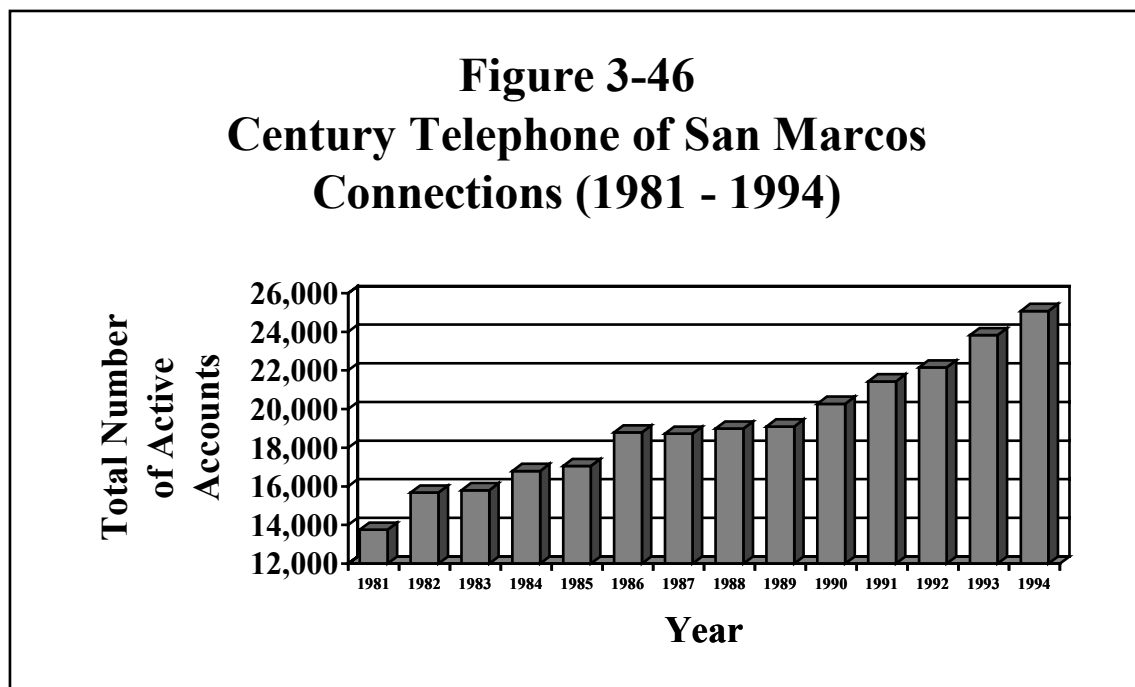
Source: Entex, Inc.

Note: Number of connections includes all active accounts.



Telephone

Century Telephone of San Marcos connections have continued an upward trend over the past 13 years. The number of connections rose from 13,753 in 1981 to 25,076 in 1994. This represents a 82% increase in the number of connections. The largest annual increase occurred in 1986 when connections increased 10%. The number of connections remained flat during the mid 1980's, however, since 1990 the number of connections have increased an average of 1,200 connections per year.



Source: Century Telephone of San Marcos, Inc.

Note: Number of connections includes all active accounts.

## **SAN MARCOS TRENDS - IMPLICATIONS FOR PLANNING**

Analyzing past and future trends is a critical step in the planning process. A community that wishes to determine its future must first understand the growth trends that are influencing its growth. Only then can an appropriate plan of action be undertaken to change that into a future more desired by its citizens.

Due to its location in the middle of two of the fastest growing metro areas in the U.S., San Marcos is projected to experience rapid growth over the next several decades. Population growth, economic growth, increased construction activity, and greater demands on infrastructure are expected to occur in the city. While this growth will provide the citizens of San Marcos with many economic opportunities, the challenge will be to manage the growth so it does not destroy the unique qualities of the city.

Greater population in the future will mean more places to live, work and shop will have to be built. Decisions must be made where this new construction activity is best suited to occur. More people also mean a greater strain on existing infrastructure, such as roads, water, and electric facilities. Where should the new infrastructure be constructed, and how will it be paid for? These types of questions should be addressed far in advance before demand for new facilities arise. By planning for future problems before they occur, many of the pains normally associated with rapid growth can be avoided.

Growth trends should be continually monitored to anticipate the need for new city services. Although the community may not be able to alter significant regional or state trends, it will be better prepared to deal with trends on a local level.